

Saturday Night

Canada's Magazine of Business and Contemporary Affairs

JUNE 24TH 1961



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Saturday Night

Canada's Magazine of Business and Contemporary Affairs



ABC Paid Circulation
Power of Reader
Confidence

Saturday Night

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INSIDE STORY

THE COVER: Ludwig Erhard, Economics Minister of West Germany who has, practically single-handed, brought about that country's miraculous post-war recovery.

"Turn the people and the money loose" says Erhard, "and they will make the country strong." West Germany's booming factories and full employment today bear witness to the efficacy of his creed. **Walter Jelen**, international journalist, tells the story and explains how this lively economy might provide opportunities for enterprising Canadians.

Hazen Argue, brisk CCF leader, is staking his youth against the experience of Premier **Tommy Douglas** of Saskatchewan in the contest for the leadership of the New Party at its founding convention to be held in late July. **Raymond Rodgers**, SN's Ottawa correspondent, examines Argue's ambitions and what makes him tick and provides some lively and revealing comment by his CCF fellows.

Gerald Taaffe, commentator on the Quebec scene for the CBC, takes a look at the new nationalist stir kicked up by **Raymond Barbeau**, mild-mannered, 28-year-old professor and his growing following of *Laurentiens*. While separatism is no new thing in Quebec, what is new is the spread and depth of the movement which aims, incidentally, to bury confederation.

Britain is now against sin, reports **Donald Gordon**, CBC correspondent in London, as a result of an amazing and widespread return to the moral precepts of rigid Victorianism. Result, a gloomy outlook for some of the more light-hearted vagaries which have long characterized the British scene.

Two aspects of changing practices of interest to Canadian business are discussed by writers **Harry McDougall** and **R. G. Lillie**. McDougall tells of the growing use of leasing as a method of conserving capital; Lillie reviews the history of real estate securities and shows how some old evils remain behind the promotional facade of current financing.

Professor **Desmond Morton** of the Osgoode Hall Law School continues his discussion of the law and the individual and shows how the public, if not the statutes, sharply distinguishes between certain criminal offences.

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Letters

Tastemakers' Tin Ears

You state [Comment of the Day May 27] that at the arts conference I attacked "big business, big government, big cities" (and was an ingrate for doing so). I am puzzled to know where you got this idea, since there was no such attack recorded in any of the Toronto newspapers, nor in the *Financial Post's* long account of the Conference. There is certainly none in the record, but on checking it I do find this statement which may have given rise to your inaccurate report:

"A person who cares about the arts can never rest content while the source and means of civilization itself, the city, is characterized in our time by a rotting core, suburban sprawl, and the blight that comes from the right of the private car to be as omnipresent and the private property owner and advertiser to be as libidinally vulgar as they please. Perhaps if our society spent less time and money designing exquisite isolated buildings for a few rich people and corporations and more in abolishing billboards and putting the wires and cars underground so we could see our city centres and public architecture and what is left of our parks we would be further ahead."

If the great public arts of town planning and landscaping and architecture are to be used to shape communities fit for human beings they must be supported by people who know what our best planners and architects are trying to achieve. Our society is now partly aware of the need to educate the mind, but sadly neglects the training of our eyes to see and our ears to hear ("We are a tin-eared, brass-eyed people").

I did not (as you claim) "call the public a bunch of yahoos" but said that the yahoos who perpetrate or would have us accept the ugliness in our townscapes and landscapes (and the yahoos who try to cut public support for CBC, Canada Council, art galleries, etc.) must be fought by political action, public argument and other kinds of pressure.

The hopeful thing is that so much can be done — malls and piazzas for our city centres, beautiful buildings with good landscaping and sculpture,

sound regional planning to channel our growth intelligently, more provincial parks near where people live, and some new model towns with which to celebrate 1967. For all these things strong public support is necessary. We need a lot more people prepared to educate themselves for the job by reading Lewis Mumford's books, the Royal Architectural Institute of Canada's recent Report and the Community Planning Review (from the CPAC, 425 Gloucester St., Ottawa).

If SATURDAY NIGHT was so opposed to the Conference in general and to the literary panel in particular, I wonder why its editor agreed to chair that panel, whose topics and discussions, unlike those of the architects and planners, may well have been as pointless as SN says they were.

McMaster University

HAMILTON

WILLIAM KILBOURN

Editor's note: SN relied only on its own tin ears to report Professor Kilbourn. These certainly heard what we said we heard. How the editor chooses to spend his time on Saturday afternoon is not, of course, Saturday Night's affair.

Gruesom Newsom

Re F. J. Newsom's letter "Gone for a Burton" [SN June 10]:

*Berton, Burton, Mr. Newsom —
Point was good, but poem gruesome.*

TORONTO

NEIL H. SNEYD

It Was to Laugh

I hesitate, but only for a moment, to bring up the subject of *that flag* again [SN April 29].

Didn't your correspondents miss Kirkwood's point? If it wasn't intended to be humorous then I laughed in the wrong place. But then I find so many things to laugh about, both in this country and in the wide, wide world—including a great many letters to editors.

Kirkwood didn't solve the problem by half. There would be the *color* of the letters to decide.

Permit me to call myself

TORONTO

JUPITER

Will of the Majority

The Point of View on lotteries by Walter Jelen [SN May 27] expresses views that coincide perfectly with my own. One is led to wonder just what valid arguments the opponents of lotteries have that can not be exploded by a brief look at the world.

The closing phrase of your contributor, is, of course, the focal point of the whole controversy, and as things stand to-day no other answer is possible, but a big no.

Let us wish Ferguson Browne and his contemporaries better luck next time.

TORONTO

W. E. BENNETT

Too Far West

It's foolish, I know, to fash myself on a lovely summer's morning. But I can't let that diatribe by Anthony West [SN May 27] go without a word from me, who has always considered SATURDAY NIGHT a respectable publication.

Such disrespect for the leader of a great nation is intolerable. Even Khrushchov is worthy of greater consideration. Only a high-ranking Mason like Diefenbaker could be guilty of such obvious prejudice.

Kennedy is our only hope in these perilous times, and you fellows want to wake up to that fact.

Our quondam premier, Wm. Aberhart, had a saying: "Every knock's a boost", but Anthony West (words fail me to tell you what I think of him) went far too far.

CALGARY

CHAS. F. REILLY

Partial Answer

Your Comment of the day "Education is the Answer to Unemployment" in the May 13 issue is interesting, but do you expect a Canadian employer to hire raw trainees if he can get European counterparts with years of experience?

AJAX, ONT.

Z. SIEJA

SATURDAY NIGHT

Social Planning

Kenneth Gaudie's plea for socialized planning to solve unemployment [SN May 27] seems a trifle silly in view of China's socialized agricultural planning debacle recently.

MONTREAL

L. J. CAREY

Polish History

I am always very glad when a Canadian periodical publishes material on Eastern Europe since I feel that this part of the world is all too little known. It was, therefore, a pleasant surprise to see that you had an article on Poland by John Gellner in your issue of May 13.

I must say, however, that I was somewhat disappointed with Gellner's presentation of Polish history and problems and as a student of East European history I feel that a few comments are needed in order to put the matter in an appropriate perspective. I think this is of some importance since SATURDAY NIGHT has a large circulation and probably many of its readers may take Gellner's article as the only interpretation of Polish history and modern problems.

For the sake of brevity, I shall list my comments point by point.

1. It is not correct to say that Polish history has been a "struggle for no more than bare survival". If it had, indeed, been only that, there would have been no cultural achievement, and, in fact, not very much reason for the will to survive. Poland has not always been squeezed between Russia and Germany but only since the rise of Moscow and Berlin to the status of military powers, ie. in the eighteenth century. Before that time Poland had to contend with alternate but not simultaneous pressures from East and West which she managed to overcome.

If Gellner would look at a map of Europe in, say, 1550, he would see that Poland was then the largest unified state on the Continent (the Holy Roman Empire was a conglomeration of states). The sixteenth century was Poland's golden age in cultural achievement, in the same sense as it was for England. The decline began to set in about the mid-seventeenth century, and was completed by the partitions of Poland in 1772, 1793, 1795.

In the nineteenth century Poland suffered much under the three occupants, but produced, in reaction, a second golden age in cultural achievement (Chopin, Mickiewicz, Sienkiewicz etc), so that even this period was much more than a "struggle for bare survival". As a result of Poland's cultural heritage and national consciousness, she could again take her place among indepen-

dent nations when the three great empires collapsed in 1918.

2. The period 1918-1939 cannot be dismissed merely with the word that Poland tried to solve her problems by being "cocky" both to her Eastern and Western neighbors.

If one bears in mind that neither Germany nor the USSR was willing to recognize the settlement of 1918-21 as final, and that for Poland this settlement could not be changed without the loss of her independence, then it is surely impossible to expect that she should become the close ally of either one or the other; besides, from Gellner's quotations of Bismarck's and Von Seeckt's sentiments, one would gather that, even in his opinion, at least, friendship with Germany was no alternative. As for Russia, her pact with Hitler in August 1939 and then her annexation of Eastern Poland in 1945, continued an established policy.

3. It is certainly not correct to say that Polish policy towards the national minorities exacerbated Poland's relations with Germany and the USSR. The Germany minority in Poland had its own schools, papers, cultural organizations and representatives in parliament. Despite this, it was established German policy to complain of "outrages" in order to prepare the way for a revision of frontiers.

This is expressly admitted by some German historians, eg. Annelise Thimme in an article on Gustav Stresemann (see: "Gustav Stresemann. Legende und Wirklichkeit", *Historische Zeitschrift*, April 1956). Hitler abstained from this policy as long as it suited him, then took it up in 1939. As for the Ukrainian minority, the Soviet government did not care what happened to it at all; in fact, in the *Documents on German Foreign Policy*, (ser. D. vol. VII, no. 78) there is a statement by Molotov that he wanted the Germans to agree to a communique justifying Soviet invasion of Poland in 1939, by the argument that Soviet troops were coming in to save their brothers from the Germans.

He explained that something like that was needed since the Soviet Government had not shown any interest in these minorities hitherto, and needed a propaganda argument for world public opinion.

4. It should be borne in mind that Polish policy towards Czechoslovakia in 1938 was the reflection and result of Franco-British appeasement of Germany at the cost of Czechoslovakia. One may condemn Polish policy, but it was not by any means a decisive factor in the fate of Czechoslovakia, for that was decided in London and Paris; a reading of *British Documents on Foreign Policy*, 3rd series, or of

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Boris Celovsky's work: *Das Munchener Abkommen*, or R. H. Furnia's recent book on the policy of appeasement, should convince any interested reader as to where the responsibility lay. Poland's action in 1938 had no diplomatic ill effects for her, since it did not prevent the conclusion of a Polish-British alliance in 1939. I am sure that Gellner is aware that the Second World War broke out as a result of Hitler's invasion of Poland?

5. Finally, it is a little odd that after observing the fact that the Germans hate the Poles and that the new Polish-German frontier has prevented any Polish-German friendship, Gellner should suggest that the Germans voluntarily recognize the Oder-Neisse line and thereby "draw" Poland away from Russia. I think several facts should be noted when discussing the problem of the new Polish-German frontier.

First of all, as long as there are two Germanies and not one, West German recognition alone or lack of it, cannot be treated as a decisive factor; East Germany has recognized the frontier of course. Secondly, it is hardly realistic to expect the initiative of recognizing the frontier to come from Bonn; this should come from the United States and other NATO powers. Such pressure would very probably suffice to obtain a West German recognition, since, after all, no West German government will be foolish enough to get out of NATO and fall under Soviet domination.

A recognition of the Oder-Neisse line by the West is certainly something which the Soviet government is very much afraid of because it would make Poland an even more unreliable captive nation than it is now. So far, most Poles say that whatever the USSR has done, it is the only great power which recognizes the new boundaries; this is enormous propaganda capital and to a large degree helps to save the discontent of the Polish people with Soviet domination. Certainly, therefore, a recognition of the new frontier would make Poland more difficult to handle for the Soviet Union, but this recognition must come by way of pressure from the other NATO powers on Bonn.

In conclusion, I should like to draw attention to the fact that the brief period of good church-state relations which began in October 1956 is now over. Religion is no longer to be taught as an optional subject in the state schools and economic pressure is being brought to bear to end the existence of the Catholic University of Lublin.

I hope you will accept these comments as being intended to clarify some aspects of the history and present position of Poland.

L-2815A

OTTAWA

ANNA M. CIENCIALA

SATURDAY NIGHT

Comment of the Day

The General Election

IF PRIME MINISTER Diefenbaker calls a general election any time in the next three months, he is almost certain to have his Progressive Conservative party returned to office.

His positive action for human rights at the Commonwealth Conference; the choice of Ottawa by President Kennedy for the first of his visits outside the United States; and the three out of four seats held by the Conservatives at the recent by-elections, have even changed the persistently sagging Gallup Poll. Opinion in the country now seems to be running in Mr. Diefenbaker's favor for the first time in many months.

There is also the organisational chaos existing in the three federal parties:

- The Liberal Party, having had its Brains Trust and Rally, is now trying to build its organisation at the riding level. Even the most optimistic Liberals admit that this is going to be a long process. The riding organisations withered on the vine during the latter years of the Mackenzie King-St. Laurent administrations, and the Rally's impact was less than might have been hoped.

The Liberals will have some good candidates running. There is no doubt that Walter Gordon will be one and Mitchell Sharp and C. M. Drury, former deputy ministers, may also be prevailed on to run. But the build-up of a really aggressive corps of bell ringing, door knocking local enthusiasts is far from being achieved.

- The New Party is not holding its Convention until August and if Mr. Diefenbaker calls an election before that time it will be in poor shape. Even after the Convention there will be a lot of organisation to do and, if present reports are to be trusted, a few new doctrinal wounds that will not have healed. For the New Party is split, and split badly, between its Left and Right wings and between its labor and farm supporters.

- The Social Credit Party, meeting in Convention to choose a new leader at the beginning of next month, has, like the New Party, only just started to build its federal organisation outside the West.

Even if the election is called in the

Fall or early next year, Diefenbaker's position is still strong, for the stronger the New Party becomes, it will split the anti-Conservative vote with the Liberals. In the Esquimalt-Saanich by-election, for example, the results were ominous for the Liberals. The figures were: PC 8,597; Liberals 7,828; NP 6,721.

One can deduce from this, surely, that without a New Party candidate the Liberals might well have taken the seat

The Elgin Marbles

("Greece wants the Elgin Marbles returned."—News item.)

FOR CENTURIES the Parthenon
Held splendid sculptured works
Till Elgin, eight-score years ago,
Transacted with the Turks.

Since then they've rested in a place
By Greeks themselves unchosen:
They want them back, unhappy race
Whose friezes have been frozen.

VIC

— but with New Party candidates in most federal ridings the vote will be hopelessly split.

It is true that if Social Credit emerges as a strong force, particularly in the West, Socred candidates can chip into the Tory vote, but east of Alberta, it is unlikely that, at this general election, they will erode the Tory vote as successfully as the New Party will maul the Liberals.

In a notably guessey business we would predict that Mr. Diefenbaker will still be in office for the next five years and that new alignments, both on the Right and Left of Canadian politics, will make the election *after* this one a very much more interesting affair.

Education: Next Step

THERE IS AN increasing awareness on the part of the government of the connection between unemployment and education. At present, however, the government still sees this purely in terms of the need to increase technical education. It has not yet realized that technical education itself is not possible without a basic knowledge of the three R's; nor that over a million Canadians

can barely read, write and do simple arithmetic.

There is a ready solution to this situation. The government could require every person drawing unemployment insurance to take a test of elementary education. Those with weaknesses in the three R's would then be required to attend basic education classes for as long as they draw payments.

These classes would give employment as teachers to married women, university students, and others on a part-time basis. The plan could be set up on a co-operative basis with the provinces and the materials used in the teaching of reading and writing would be entirely divorced from all questions of social policy — so as not to antagonize the churches.

The Departments of Citizenship & Immigration and National Defence have already had a good measure of experience in this field. Their knowledge and materials could be made available to the Department of Labor in order to further this much needed next step in the solution of our unemployment problem.

Cuban Purchase, etc.

THAT INVETERATE collector (and to his friends, distributor) of ancient Canadian journals and newspapers, J. Alex Edmison, recently sent us a copy of the *Montreal Weekly Witness* for Thursday, January 20, 1859.

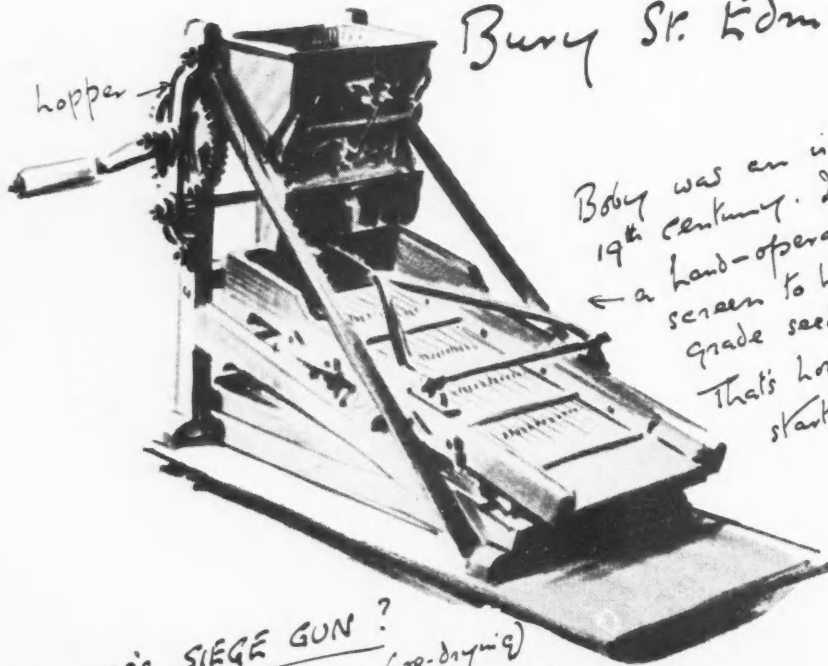
It is surprising how many of the issues still being written about at length in Canada were then matters of controversy. Crime was on the increase in New York and the divorce court was playing hob in England. Drunkenness was rife and "The Sabbath Question" in Canada was given a whole column of editorial!

"Christ's example is . . . pleaded by Sabbath breakers as warranting labor and recreation on the Sabbath. 'Did He not heal the sick on the Sabbath day and justify His disciples in plucking ears of corn?' True, we reply, but . . . Christ and His apostles were not going through the fields for amusement but doubtless on their way to or from the Synagogue, and not in a public conveyance, but on foot . . . Christ's cures on the Sabbath

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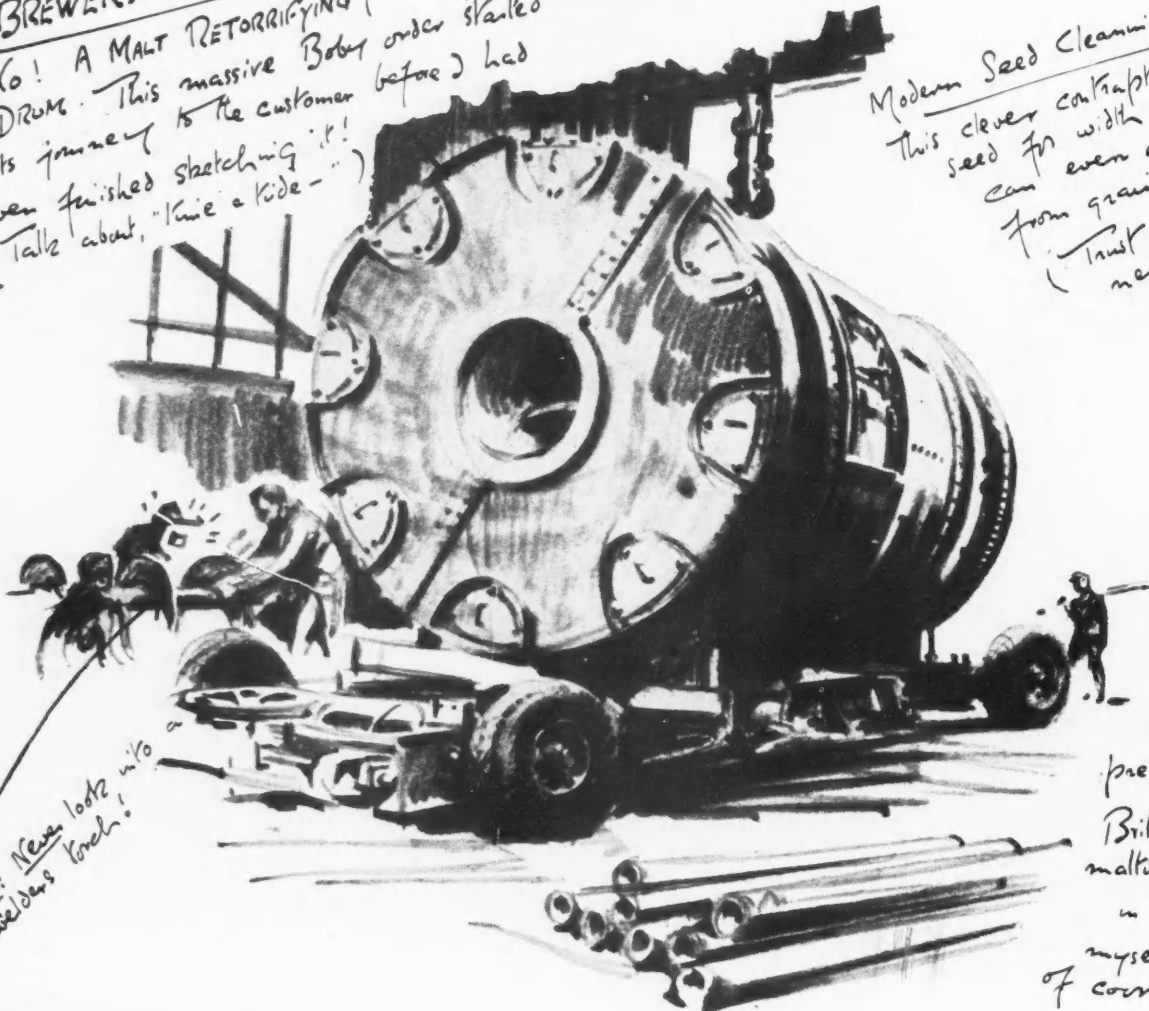
Boby was an ironmonger in the 19th century. In 1856 he devised a hand-operated self cleaning screen to help farmers grade seed.
That's how all this started

Odd part is, that farmers seem to prefer wood construction in their machines. A wheel in the eye for progress? I'm no farmer but I love the feel of good honest timber.

BREWER'S SIEGE GUN?

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Modern Seed Cleaning Machine
This clever contraption can separate seed from chaff with a weight and can even extract mice from grain or other seed! (Trust my mouse never gets so hot about this!)



Tip: Never look into welders torch!

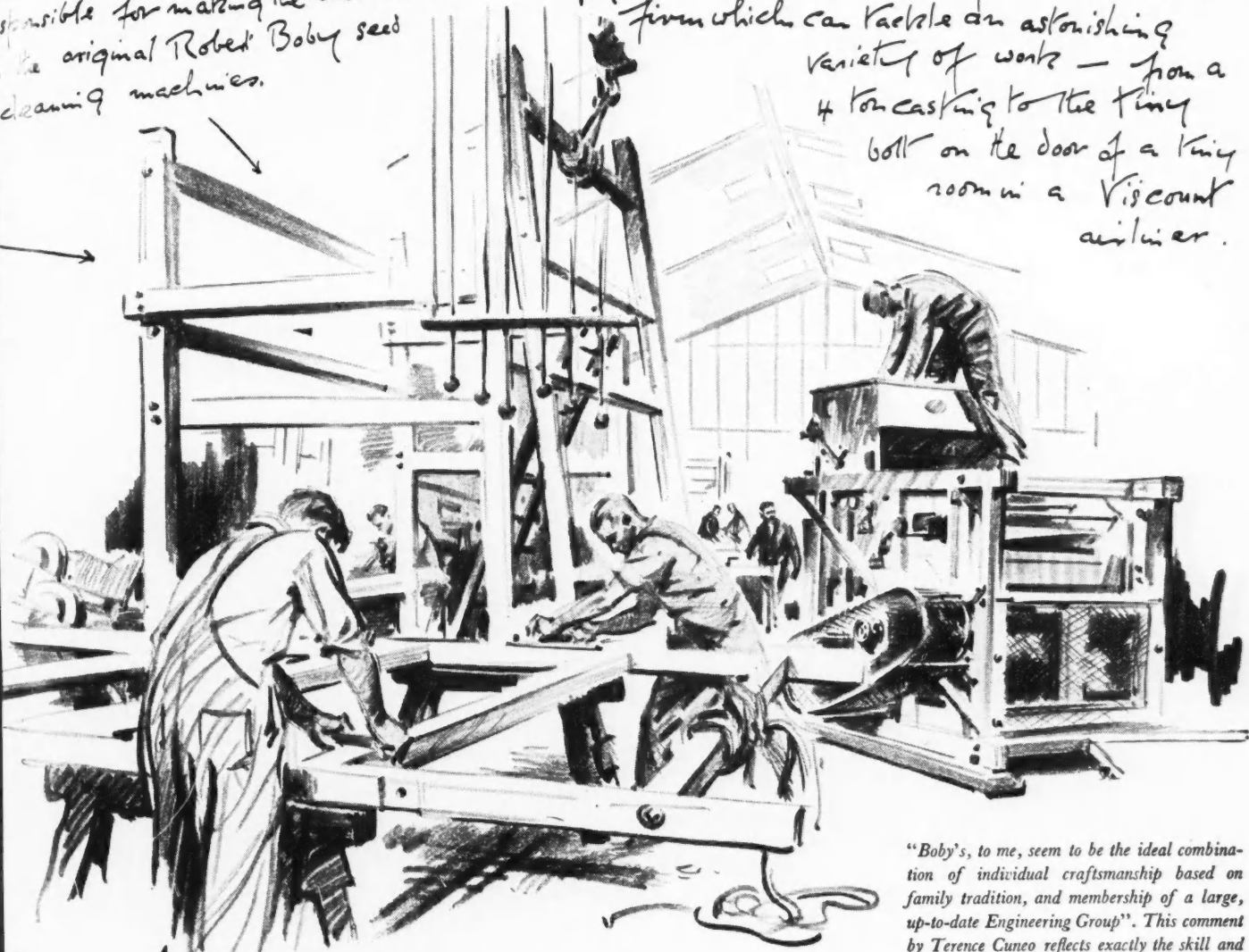
Do you know there is Boby equipment in pretty well every British brewer's malting? I've worked in quite a few myself (sketching of course)

"HAS THIS BEEN BOBLED?" *

WOOD FOR PREFERENCE

This shop with its scent of sawn
wood is a thriving concern & is
responsible for making the descendants
of the original Robert Bobby seed
cleaning machines.

I found the atmosphere of
leisurely conduct which prevails here mis-
leading. Make no mistake, there is nothing
sleepy about the capabilities of this remarkable
firm which can tackle an astonishing
variety of work - from a
4 ton casting to the tiny
bolt on the door of a tiny
room in a Viscount
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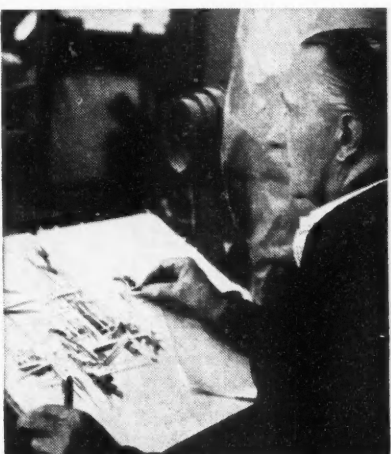


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for a particular parcel of
seed has been
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penny tokens were issued during the first half of the nineteenth century. The most famous are the rare Side View tokens issued by the Bank of Montreal in 1838 and 1839. They show the front and side view of the bank's original head-office building in Montreal. A Side View penny today is worth about \$75.

Canada's First Real Money

Canada's first real money, in the form of bank notes, was issued by the Bank of Montreal—Canada's first bank—when it opened its doors for business on November 3, 1817. Later, the bank provided copper coinage. With the passing of the Currency Act in 1841, B of M coins became recognized legal tender of Canada.



BANK OF MONTREAL
Canada's First Bank

SD-275

involved no labor of any kind: He only spoke the word and the patients were healed."

"The apathy which prevails in Canada regarding public affairs" was strongly deplored and the editor was of the opinion that there could be "no question that a large proportion of the local voters in Canada take no interest either in municipal or provincial governments."

But what was really startling were two items about Cuba: "Placed between two fires — European dictation in front and Negro insurrection in the rear — Cuba cannot act by or for herself". And in words almost coincidental with those of President Kennedy's recent speech on Latin America was the declaration by Napoleon III that "an independent state with American tendencies cannot be tolerated in the midst of European colonies" in the Caribbean.

It was with all this in mind that Congressman Slidell introduced a Bill at Washington to provide the president with \$30 million with which to purchase Cuba. The preamble said that: "Whereas Cuba geographically possesses a commanding influence over the large and annually increasing trade, foreign and coastwise, of the Mississippi Valley; whereas the Island in its present Colonial condition must continue a source of injury and annoyance . . . by the aggression of its local authority upon American commerce and citizens . . . negotiations for the purchase of the Island should be renewed."

In 1961 President Kennedy no doubt wishes that Slidell had been more successful with Congress in 1859. But balky Congresses seem to be as much a permanent feature of the North American scene as drink, political apathy, divorce, and "the Sabbath question".

Tax and Influence

RECENT INDEPENDENT estimates by the Canadian and United States Tax Foundations confirm a generally held view that Canadians and Americans bear approximately the same personal tax load (about 24% on a \$5,000 income).

Canadians might well ask why this is so. The American taxpayer is supporting a giant program of space research, nuclear arms and foreign aid to maintain America's position as leader of the free world.

We in Canada have, surely, no pretensions to such leadership on such terms. Why then, when our government is doing so much less, does it cost us in proportion so much more?

Conundrum

IN THE LIGHT of the article by Charles de Verteuil which we published on March 18 [*Exodus: Facts Twisted into Fiction*] we were very interested in a leaflet from the Hamilton Public Library which came in this last week. A reading list called "Human Rights are in your hands" it gave the titles of books which might help the reader to broaden his mind in such areas as "Our Freedoms," "Our Prejudices," "Segregation and Discrimination" and "Understanding our Neighbors." Under this latter head appeared *Exodus* by Leon Uris. We are still wondering why.

Paper & Propaganda

SOME WEEKS AGO two trade commissioners were sent on a special mission to China. These two were not apparently concerned with the big wheat deal, which was handled by others. It can be safely assumed that they were there to sell paper. China's need for paper is no secret. Although its production, according to official statistics, rose from half a million to two million tons between 1955 and 59, this is still far short of the 1960 target of three million tons.

Since the need for paper is expanding much more rapidly than its production, desperate economy measures to bridge the gap have been made. This can be seen in the cuts that have recently been made, both in the size and frequency, of many domestic Chinese publications reaching the West through Hong Kong and other channels. In addition, there have been announcements about research projects to develop better means of producing paper in China from such materials as bamboo and straw.

On being questioned about the two trade commissioners, Trade Minister Hees told our Ottawa correspondent that Canada would sell anything, including paper, to the Chinese — anything, that is, which is not on the list of strategic materials.

A big contract for paper would certainly help our pulp and paper industry, which is overbuilt at the moment. But if paper is not a strategic material, what is? For the paper we may sell to China will certainly be used in part for increasing the bulk of propaganda material which the Chinese are now distributing in Africa and Latin America. And is not the spread of Communist doctrine and propaganda just as much part of the Cominform's strategy as spies used to be of the Comintern's?



Forward surge of West German industry is exemplified by profusion of equipment, exhibitors at Hanover Trade Fair.

Wizardry on the Rhine:

Booming Germany a Market for Canada?

by Walter Jelen

MORE THAN ONE HUNDRED years ago the Government in Paris chose an unusual strategy to impress the rebellious Algerians with the supremacy of the French.

Robert Houdin, the famous conjurer, was sent on a special mission to the restless colony. His wizardry duly overawed the natives. With the task triumphantly accomplished, Robert Houdin returned to France, wrote his autobiography and called it, without false modesty, *Memoirs of Robert Houdin, Ambassador, Author and Conjuror*.

No other equally impressive per-

formance of political wizardry ever occurred until Ludwig Erhard, West Germany's rotund Minister of Economics, turned that utterly devastated country into a land of plenty. At this moment it appears that the popularity of the portly, cigar-puffing economist from Bavaria will decide the outcome of the September election. Over the years Ludwig Erhard, the hero of West Germany's "economic miracle," has become the image of prosperity to millions of his compatriots.

While many other nations suffer from underemployment, West Germany has a very serious shortage of manpower. The *Westfälische Rundschau*, a leading Socialist newspaper, recently stated that no fewer than 15 countries are anxious to supply workers to West Germany. Offers come from as far as Cairo, Rabat and Seoul. Soon a German commission will travel to Turkey to recruit 3,000 workers, urgently needed by industry and the railroads.

West Germany's humming factories—there are 91,000 of them—employ about 8,000,000 workers and could use many more. In numerous plants the shortage of help has become a problem of great urgency. Since June 1959 the number of unemployed has been less than the number of jobs available.

Although more than 12,000,000 expellees and refugees have reached West Germany since the end of the war—far

more than the combined population of Ontario and Quebec—the demand for additional workers continues. Furthermore, there are few, if any, untapped reserves of manpower—or womanpower—in the Federal Republic. About 19,500,000 people hold jobs today, 9,000,000 being women.

Incidentally, when a large company recently advertised for *Nachwuchs* (young blood) to join its staff, 90 per cent of the applicants were 55 years or over, according to a report in the trade paper *Parfüm und Seife*. Hardly less significant is the story of a factory fire in the Ruhr where the personnel manager of a neighboring firm appeared on the scene ahead of fire fighters—and attempted to hire workers of the burning plant.

Understandably, no less than 3,000,000 people have fled the Communist-controlled German Democratic Republic and sought refuge in prosperous West Germany. A cartoon in *Das Freie Wort*, the lively Liberal weekly, showed Walter Ulbricht, boss of the Communist Zone, shouting into a microphone, "... and even in the capitalist oppressed part of Germany the numbers of our political friends is steadily on the increase."

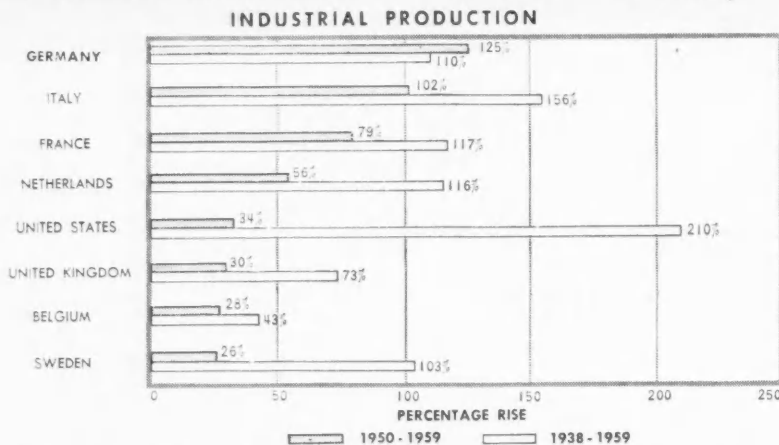
Hidden behind his back Ulbricht held a newspaper with the headline, "4,000 party members have fled to the West."

Behind the story of West Germany's

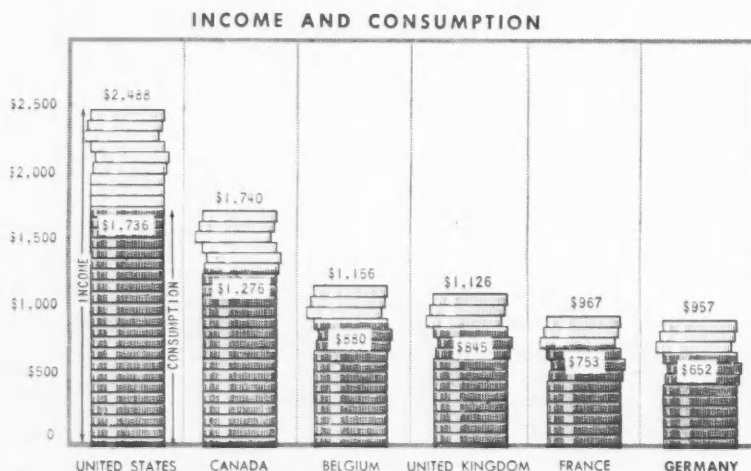


Due largely to economic policies of Ludwig Erhard, West Germany now occupies third place in world trade.

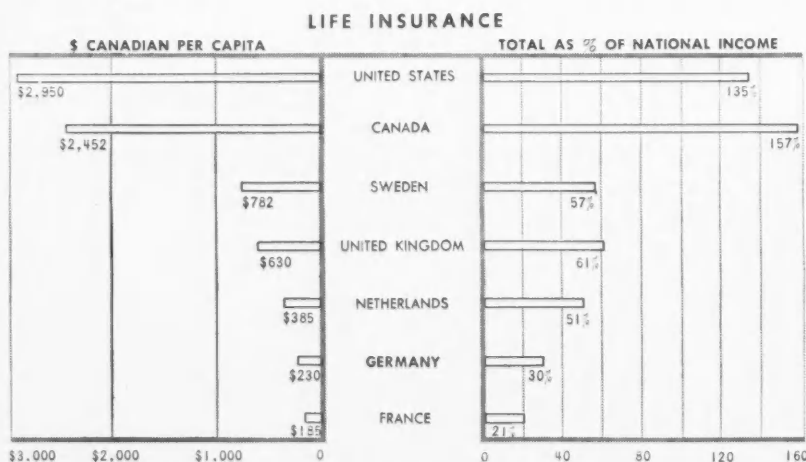
WHERE GERMANY STANDS TODAY



While West German industrial production has expanded spectacularly since the war, comparison with pre-war conditions shows a much more modest growth. Germany, in fact, places fifth in this comparison and behind other war-ravaged countries such as Italy and France.



Per capita income figures (at factor cost) show West Germans do not occupy an outstanding place in economic capacity or standard of living. These 1959 income figures (the latest officially available) are calculated on the basis of gross national product at market prices. Similarly, private per capita consumption statistics present an even less favorable position.



The remarkable lead of the U.S. and Canada can to a large extent be explained by the fact that their citizens are largely left to their own devices to make provision for their old age. However, even countries with a well-developed system of old-age pensions such as the United Kingdom and Sweden are far ahead of West Germany.

rise to affluence hovers the portly, 240 pound figure of Ludwig Erhard, the brilliant economist, who at the age of forty-two was kicked out of his well paid job in Nuremberg because of his refusal to join the Nazis.

Later the fast-talking Bavarian founded his own market research firm and worked in his spare time on visionary plans for Germany's future—after Hitler. Reports of his daring economic conceptions impressed Karl Goerdeler, leader of the plot against Hitler, which failed with tragic results in July 1944.

After the collapse of the Nazi regime Ludwig Erhard became Minister of Economics in the Bavarian Government. Later he was called to Frankfurt as adviser to the Allied authorities. Soon afterwards, on March 2, 1948, this rotund economist who has a liking for Brasil cigars, a glass of Schinken-häger and smoked meat, was put in charge of West Germany's economy.

Ten years later he confessed, "I only learned of my appointment when I switched on the radio. There had been such a hopelessness in Germany, they probably figured, 'The experiment can't do any harm—it can't get any worse.'"

Erhard acted fast. In June 1948 the currency was revalued. Later, while Britain and France retained austere restrictions, Erhard unshackled West Germany from many controls and in a daring move abolished price controls and rationing simultaneously. "Turn the people and the money loose," he predicted, "and they will make the country strong."

In 1949 Ludwig Erhard became West Germany's first Minister of Economics and ever since has held this position in Chancellor Konrad Adenauer's Cabinet. His economic credo revolves around the *Soziale Marktwirtschaft*, a free enterprise system, where the state interfere only in case of urgent necessity.

"Those who ask for more artificial government-imposed controls," he once said, "do not trust in natural economic laws. Those who seek a quiet and comfortable existence in the economic hot-house air of assured markets and 'reasonable' profits, do not belong in a society which chooses self-responsibility . . ."

"Genuine competition for better results, and this includes price competition, is not a cut-throat practice that leads to ruin, but a fountain of youth that constantly refreshes business. The state must stimulate competition just as much as it must fight inflation and recession."

Thanks to Erhard's economic policies West Germany has reached third place in world trade, just behind the United States and the United Kingdom. In spite of the prevailing boom and the resulting

labor shortage, prices in the Federal Republic have increased less than in most other lands. Election posters of the ruling Christian Democrats always feature columns showing how much more the cost of living has risen in other countries, a fact which, up to now, has never failed to impress the affluent Germans, as the voting results show.

The beginning of West Germany's "economic miracle" was based on two things: first, enormous financial aid from the United States [in excess of 5 billion dollars] and on the efficiency of the German working class, described by astute observer William L. Shirer, as "probably the most skillful, industrious and disciplined in the Western World."

And the German zeal for work, *die Arbeitslust*, is no idle cliché. For instance, when Willi Richter, leader of 6,300,000 members of the German Trade Unions, a precision tool-maker by trade, was asked as to his hobby, he answered in all sincerity, *Arbeit*—work.

Ludwig Erhard has demonstrated in his handling of West Germany's economy the true mastery of a virtuoso. When necessary he offered tax concessions for the building of new plants and special inducements to exporters. At the right moment he dramatically lowered trade barriers, and the flow of imports from many lands helped to keep prices down.

Erhard's determined stand against price fixing and cartels have earned him the hostility of influential businessmen. Two years ago leaders of the Association of German Industrialists pressed for his nomination to the Presidency of the Federal Republic—in the hope of getting a more pliable Minister of Economics.

The attempt failed, mainly because Ludwig Erhard is the best drawing card

Figures Tell the Story

VW production	VW exports
1950 90,038	29,387
1951 105,712	35,742
1952 136,013	46,884
1953 179,740	68,757
1954 242,373	108,842
1955 329,893	177,657
1956 395,690	217,685
1957 472,554	270,987
1958 557,088	319,373
1959 705,243	412,531
1960 891,067	511,739

The production target for 1961 is 1,000,000 Volkswagens.

of his party in the coming election. When he recently appeared at the convention of the Christian Democrats in Cologne's *Messehalle*, the tumultuous ovation accorded to "good old Ludwig" surpassed by far the applause for any other party leader.

The Minister of Economics has never lacked for critics but success has vindicated his often-daring policies. When he abolished rationing and price controls, General Lucius Clay, then America's No. 1 man in Germany, said to him, "Herr Erhard, my advisers tell me, this is a grave mistake." And Erhard answered jovially, "General Clay, pay no attention; my advisers tell me the same thing".

Several years ago, Franz Bluecher, whom Erhard followed as Vice-Chancellor in Adenauer's Cabinet, used to say, "We have a Cadillac economy which runs magnificently on the Autobahn. What we need is a jeep economy which can take it when the going gets rough."

In 1959 *Der Spiegel*, the influential German news magazine, wrote of Erhard, "There can be no doubt that

his life's work, his economic philosophy of the *Soziale Marktwirtschaft* is already crumbling dangerously."

They were all wrong—West Germany's industry is still forging ahead.

Armies of crack salesmen have done their share to push exports to record-breaking levels. Special care is taken to train these sales executives in the mastery of foreign languages. German salesmen travelling in South America generally speak Spanish and Portuguese, while their counterparts in the Near East consider fluency in one Arabic language as essential.

Excellent foreign language schools—the largest in Munich has about 1,200 students—play an important part in the conquest of export markets. Generous credits, fast deliveries, the guarantee of expert maintenance and top-notch quality at competitive prices are other inducements for customers to "buy German."

In this favorable economic climate created by Ludwig Erhard the exports of Volkswagen, manufactured in the town of Wolfsburg, about 100 miles west of Berlin, has turned into one of West Germany's great success stories. Originally, the project of the "people's car" was a hoax perpetrated by Hitler. He had proclaimed that every German worker would be able to have his own car for the fabulously low sum of 990 marks (then less than \$400).

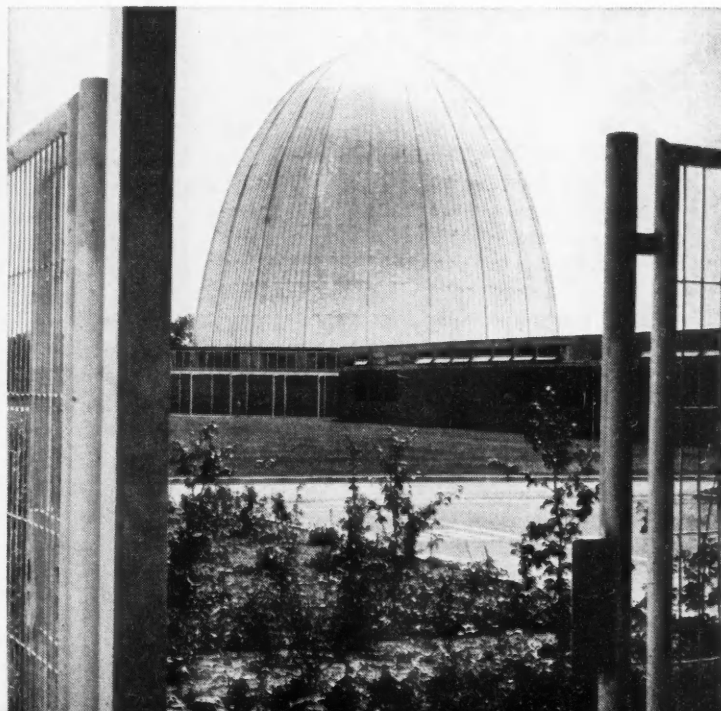
To make this project possible, Hitler ordered the building of the largest automobile factory in Europe. There was only one catch to it. Hitler reversed the North American trend, where goods are enjoyed immediately and paid for later on the installment plan.

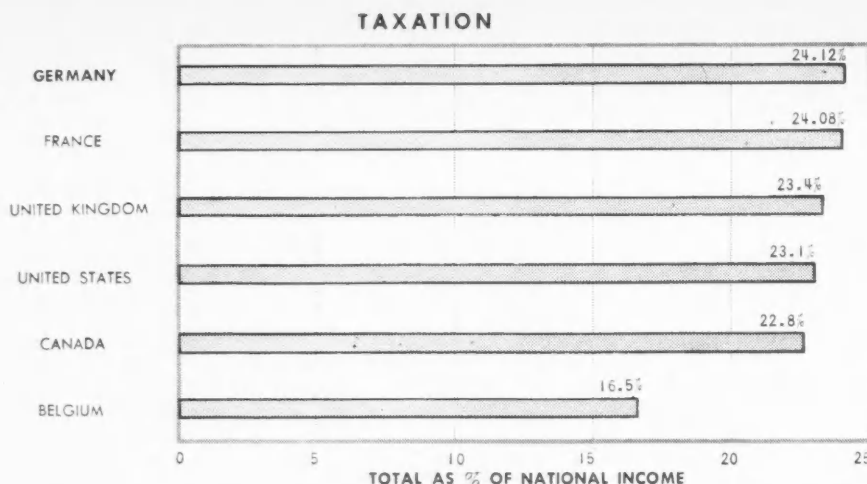
"Pay for your Volkswagen before you get it," was his idea. Weekly deductions, ranging from five to fifteen marks were made from the wages of hundreds of thousands of trusting Nazis who had



Berlin's bustling Kurfuerstendamm reflects new prosperity.

New atomic reactor laboratory in Munich attests to West Germany's determination to keep pace with modern world.





German taxation, as a percentage share of national income, is higher than in any other comparably industrialized country.

expressed their desire to own a car at such a bargain.

Unfortunately for them, none got a Volkswagen as long as Hitler lived. By the time the war started, the war Hitler had so carefully planned, the Volkswagen factory had turned to more strategically important products, such as army jeeps.

After the war Heinz Nordhoff, the new boss of the Volkswagenwerk said, "These people put their money and their trust into the 1,000-year Hitler Reich. Why should they profit through this trust while other Germans have lost their all?"

When Ludwig Erhard spoke, in 1957 in Wolfsburg, about his plan to sell the then still state-owned factory, he ran into bitter opposition from heckling Volkswagen workers. Erhard, always nimble with a pen, had letters mailed to every man employed at the plant, explaining lucidly his idea to sell Volkswagen shares to "small investors," people like themselves. The impact of these 34,000 letters was overwhelming. For the first time ever Wolfsburg, formerly a Socialist stronghold, voted for Erhard's conservative Christian Democrats.

Today Volkswagen can be found almost anywhere in the free world.

Often German plants are as modern as tomorrow. *Quelle*, Western Germany's most successful mail order business, is an example. When Gustav Schickedanz, owner of *Quelle*, which has about 4,000,000 customers, entertained several American executives, they told him, after inspecting his plant in Fürth, "We really ought to raze our buildings and remodel them on your foundations."

Germans have always been enthusiastic readers but never have they purchased as many newspapers, magazines and books as today. No less than 1,464

dailies and 5,630 periodicals, including several with a circulation of more than 1,000,000, are printed in the Federal Republic.

Book publishing also participates in West Germany's "economic miracle" to the fullest extent. Last fall Frankfurt's internationally famous Book Trade Fair—*die Buchmesse*, as the Germans call it—attracted about 1,850 exhibitors from every corner of the globe. More than 40 nations, from the U.S. to Russia, including Albania, Ceylon, Egypt, India, Israel, Monaco, Nationalist China and the Union of South Africa were represented. Canada, unfortunately, was missing.

An unusual German success story started in 1947, when Grundig, a factory making radios, tape recorders and dictating machines, started production with a staff of 45. Within 10 years they produced 5,000,000 units and were Europe's largest radio, tape recorder and dictating machine industry, employing about 20,000 people in seven plants.

Arthur Brauner arrived in Berlin in 1946. He was a refugee. His only valuable possessions were a few jewels, buried by his parents when the German army invaded Poland. After the war Arthur Brauner retrieved the gems. They helped to finance his new start in Berlin.

In an old poison-gas factory he began his movie making career. Within the next twelve years his CCC (Central Cinema Company) produced seventy-five movies. His stars include Maria Schell, Caterina Valente and Nadja Tiller, names which have become known to moviegoers the world over. Last year Arthur Brauner's Central Cinema Company turned out six feature films, among them the highly regarded production of *The Good Soldier Schwejk*.

Another success story involves a

prominent Canadian, Garfield Weston, whose supermarkets have made a considerable hit with German housewives and may revolutionize the retail food business there. A few weeks ago German newspapers reported another Canadian enterprise. Toronto interests, associated with Principal Investments Limited, were said to be planning the construction of 20 large shopping centres in West Germany's bustling cities.

This rich market with almost 55,000,000 consumers is a most tempting export target for Canadians. The present high standard of living combined with Ludwig Erhard's policy of lowering trade barriers has made Germans more receptive to imports than ever before. Tiny Israel, for example, supplies the Federal Republic not only with citrus fruits and juices but also with fashion articles, bathing suits, knapsacks and even machine pistols.

Neighboring Egypt also wants to cash in on West Germany's boom. Typical of the respect German affluence enjoys in the Near East was a Cairo journalist's remark to a businessman from Düsseldorf, "You Germans are great guys. Even the Americans now come to you and want money. . ."

As most people know, Germans are hearty eaters and always interested in good food of any kind. For instance, most of the eels caught in Quebec are shipped frozen to West Germany. Gourmets over there would probably snap up many more Canadian delicacies, if available to them.

While many Germans still consider Canada as "Land of the Black Bears" much goodwill towards us exists. The German-Canadian Society in Hanover does its best to work for a closer relationship between the two nations. Some of the most distinguished Germans, including a prominent member of the Adenauer family, are among its members.

Recently I asked a German economist, "What can other countries learn from your successes?"

"That's a hard question to answer," he said, "but let me put it this way: Suppose a famous chef gives a young housewife the recipe for his wonderful *Apfelstrudel* and tells her exactly how to make it. Will she be able to prepare the same delicacy? You see, Erhard, our chef, is fortunate in having all the ingredients he needs in his own kitchen—Germany. . ."

If there is any object lesson to be learned from West Germany it may be this. If you have available the best goods at a tempting price, the world probably won't beat a path to your door, but it certainly will fill the order books of your hustling salesmen.

Profile of a Hopeful Party Leader

by Raymond Rodgers

ON JULY 31 the New Party founding convention will be the scene of a leadership battle between Premier Douglas of Saskatchewan and Hazen Argue, National Leader of the CCF. In the coming weeks, Argue will be touring the country — to the extent he can get away from a dragging Parliamentary session — to seek support from farm, labor, and university groups.

He thinks he has a good chance to get the leadership: "I have fought and won five successive elections. After the Conservative avalanche of 1958 I was the lone survivor in the three Prairie provinces."

Many times the pundits have predicted Argue's downfall — and as many times he has managed to pull through. But now all are agreed that he faces his biggest battle with only one really strong card to counter Douglas' hand — his youth.

Is Argue to be taken seriously? Generally speaking, the national press does not think so. Argue takes himself very seriously, of course, and sees a real place for himself in Canada's political life with the other young leaders:

"I have been told that at 40 I am too young. But Premier Robichaud of New Brunswick is 33 and President Kennedy is 44 with 11 years in Congress. I have spent 16 years in the House of Commons."

Does Argue think he can appeal to all elements in the New Party? Yes, he does — though he has a few misgivings about labor and university people — and in the coming weeks he will launch as broad an appeal as possible.

He will claim that, because of his early business training he understands, appreciates, and supports the small independent business man. "Given a chance to compete on equal terms he is highly efficient and can perform a service that cannot be equalled by the chain or company-owned store."

Although not a trade union member, he will try to prove himself a "loyal friend of labor. I have voted against compulsory arbitration at all times — the only farmer in Parliament to vote

against compulsory arbitration during the 1950 railway dispute. Labor Minister Starr has called me 'the fiery champion of labor' and I believe I have the support and confidence of working men throughout the country."

Knowing that the farm vote is a major key to electoral success in Canada — just under half the polling divisions are listed as rural — he is secure in his standing with the farmers. "When Grant McLeod, President of the Winnipeg Labor Council, called for a farmer to head the New Party so as to counteract fears of labor domination he said 'I will be pleased if that farmer is from Assiniboia' — my constituency."

He claims to have received warm support from some university people in Winnipeg recently. "They know I support increased aid to education,



Hazen Argue: Loyal friend of labor?

I have called for the creation of a Culture and National Objectives Department on the federal level to supplement provincial activities in the field of education. I believe we should expand our technical training programs even more."

"Lastly", he says, "I have endeavored to understand and build up good-will for our party in Quebec. I am learning French and have done my best to use it on radio and TV. I was the first parliamentarian to propose the training of French-speaking Africans in Quebec and now the government is doing some-

thing about it. I respect the bilingual, bi-cultural character of our country."

His critics do not take all this seriously. The Canadian Labor Congress is quite open in its preference for Douglas — or David Lewis if Douglas should decide to drop out of the running. French-Canadian journalists dismiss Argue's appeal to Quebec as a gimmick. The small businessmen, perhaps misguidedly, cling to the old parties — and the right wings of them at that.

The intellectuals find Argue sincere in his support for education and culture but doubt that he has much of either himself. His university specialization was agricultural economics (he graduated with distinction in Agricultural Economics from the University of Saskatchewan). Agriculture remains his first love and the *Hansard* index for the current session has him speaking about "grain" more often than any other subject.

Critics in the government benches say he is irresponsible; they point to his proposals for vast expenditures in many fields and ask: "But who will pay?" They also say he lives up to his name too much and shows disrespect for the courtesies of debate — particularly when he tries to slip propaganda past the nose of the Speaker during Question Time.

He occasionally speaks up too quickly on matters about which he has given little thought. His attitudes about Defence, for example, are based on very little reading and come primarily from what might be called the "Instant Left-Wing Reflex."

His reaction to the MacPherson Report on Transportation was typical. He said it justified "integration". Later, when Norman Campbell of the *Ottawa Citizen* pointed out this would mean job-losses, Argue back-tracked and interpreted integration to mean "co-operation". Since Argue also says the CPR should be nationalized, it is hard to see how integration with the publicly-owned CNR could be avoided.

Coupled with the Instant Left-Wing Reaction there is also Argue's Left-Out

The Background Statistics

- Born Moose Jaw, Saskatchewan, January 6, 1921.
- Father — Howard Argue — a fourth generation Canadian whose ancestor George Argue was the first man to be buried in the Stittsville [Ont.] cemetery. The year 1844: he having arrived in the area in 1821.
- Mother — Legia Scharf — German descent, born in Nebraska, whither her father had emigrated from the Ottawa Valley in 1875.
- Family business — machinery and gas station at Avonlea which Howard Argue had bought after 20 years of improving a homestead at Kayville, Sask.
- Education — Public school and

high school at Avonlea and, after two years out as a clerk in the retail co-operative, University of Saskatchewan from 1940 to 1944 graduating with Distinction in Agricultural Economics.

- Politics — re-started student parliament at the University of Saskatchewan, nominated Federal candidate for Assiniboia in the summer of 1944; elected general election June 1945. Re-elected in five successive general elections. In 1958 the lone CCF survivor from the 48 federal constituencies in Saskatchewan, Manitoba, Alberta. Elected House Leader of CCF party in Winnipeg, April, 1958.

Reaction. It is this which explains his aggressiveness on the floor of the House — not to mention his determination to succeed in politics and the leadership race. For years people have been trying to cut Argue down to size. He has pluckily refused to fall.

He occasionally does things which reveal that, given acceptance and respect, he would be much less aggressive and more of the statesman. On May 17, for example, when the Liberals did not want to hear Public Works Minister Walker announce good news at Question Time, Argue got up and said:

"Mr. Speaker, on the point of order, I suggest that if it is in order to ask questions when housing starts have been fewer, it should be in order to ask questions even though housing starts may have increased. Some honorable members may not wish to hear that housing starts have increased, but I would be pleased to hear such a reply."

The government likes that, of course, and Walker thanked Argue for his remark. But a couple of days later, when Argue proposed a bi- or tri-party policy on joining the Organization of American States, Diefenbaker visibly snickered at the suggestion that Argue would consider this matter "with the Prime Minister".

Either because he is unsure of his facts on a number of issues, or because of the numerous rebuffs he has received throughout his career, Argue has difficulty with people in interviews. He speaks well on his feet but intimate conversation unsettles him and he seems to avoid his questioners' eyes.

These personal characteristics are important since the leadership race boils down to personalities rather than issues. This being so, it is important to

note what Argue's closest colleagues have to say about him — and where they stand on the leadership issue. Here is what other CCF members in Ottawa have to say:

● **Harold Winch** — "He has my complete support while House Leader in the Commons. The New Party leadership is another matter. I support Douglas as the better man. Hazen is sincere and aggressive but Tommy has the better chance to lead us to gains at the polls."

● **Erhart Regier** — "I believe Hazen has greater qualities of leadership than either the vain Tory leader or the floundering leader of the Liberals."

How He Will Appeal

"Because of my background, my business and farm training, my record as CCF National Leader, I believe I have a national appeal that can lead the New Party to real election success. If I am elected leader we shall not aim to win the election after next or two elections after next, as some have said, we shall make a bid for government now. Now is the accepted time."

"In my election victory of 1958, my constituents gave me the largest majority ever. In the face of more difficult elections for the CCF party my personal support has been increasing."

"I have worked hard in the House, and the Hansard Index shows that I have made more speeches, asked more questions, made more motions than either the Prime Minister or the Leader of the Opposition."

However, if the New Party wants to tell its story to the Canadian voter it ought to elect as its first national leader the best political story-teller of all, namely, Tommy Douglas."

● **Arnold Peters** — "Hazen has the difficult job of uniting MPs who are probably the eight greatest individualists in the federal parliament. He has encouraged us to develop our special interests, while at the same time effectively co-ordinating our parliamentary role. He deserves support for a job well done. I condemn some of our people who seem more interested in power than in supporting one who has accepted responsibility in difficult times."

● **Douglas Fisher** — "Hazen is an instinctive politician — tough, yet sensitive, hardworking yet able to relax and be himself, kind and thoughtful with his colleagues yet persistent in his encouragement of us. He has matured immensely in this Parliament; I think he can be a great leader and statesman."

● **Bert Herridge** — "In my opinion, Hazen has the integrity, intelligence and industry essential for leadership. He has these plus youthfulness and health — which are vital for the difficult electioneering years to come."

● **Walter Pitman** — "I have come to respect Hazen's hard work and aggressive leadership during my few months in the House. Nevertheless, I feel that as the only MP elected under the New Party name — and as a comparative newcomer — I should be neutral about the leadership at least until the founding convention."

● **Frank Howard** — "I think Hazen would make an excellent national leader of the New Party because he is not fettered to any specific economic group. His greatest goal is to see that the New Party is truly representative of Canada's interests."

These remarks, however, are all for public consumption. In private, a number of CCFers are critical of their present chief just as certain Tories and Liberals are of theirs. The most biting criticism of Argue from someone associated with him in the CCF movement was expressed in these terms: "He is not objective, he has a persecution complex and lacks judgment. I would not want him to be Prime Minister." In fairness, it should be pointed out that this individual feels Argue let him down once in the past.

Aggressive, hard-working, somewhat one-sided, a hater of big U.S. corporation, a friend of the farmer — these are the descriptions most frequently given of Hazen Argue. Will they be enough to give him the leadership of the New Party? At the moment, his chances look only moderate.

Barbeau: Prophet of Quebec Independence

by Gerald Taaffe

MOST OF US are looking forward to the forthcoming centenary of the Confederation as the signal for a back-slapping jamboree of long-winded speeches and self-congratulations; Raymond Barbeau, a mild-mannered, 28-year-old professor at Montreal's heavily endowed *Ecole des Hautes Etudes Commerciales*, sees 1967 in an altogether different light.

"On this anniversary of our deplorable national defeat," he wrote in his magazine, *Laurentie*, "the *Laurentiens* take it as their responsibility to revive the French-Canadian Nation, chloroformed as it may be now by good-will-mongering propaganda (*propagande bonne-ententiste*), absurd bilingualism and the false promises of the pan-Canadians. In 1967 we will be able to say, 'Here lies the Confederation.'"

It is easy enough to consider Barbeau a solitary fanatic, but neither the person nor recent developments in Quebec support so reassuring an assessment. His education, which terminated with a doctorate from the Sorbonne in 1957, was supplemented with commercial studies, and in 1952 he was enrolled in the Young Men's section of the Montreal Board of Trade. He was raised in a cosmopolitan, bilingual section of Montreal, a notoriously unlikely breeding ground for a revolutionary.

In fact, Barbeau insists that he is not a revolutionary. His independent Laurentian State would be brought about within the existing political framework.

"We already have a government in Quebec," Barbeau says. "It could be better, but it is basically sound. Our party, *Le Parti Populaire* is a working name for it, need only be elected to power in Quebec. Then we would see that the fiscal power was returned to Quebec. We would start off by demanding 25 per cent of the revenues that are now going from Quebec to Ottawa, the same demand made by Premier Lesage. That is where we start. Well, what we figure is going to happen is that Ottawa will kick us out of the Confederation. That's where *Laurentie* begins."

To those who, like a staffer of *Le Devoir*, claim that this would lead to an armed clash he answers that if Cuba can jeer at the United States fearlessly

there is hardly any danger that Ottawa's gunboats will shell Montreal.

Barbeau's ideas have, in one form or another, gained considerable attention in recent months. For English Canadians the biggest single item was the poll in *La Presse*, in which 45% of 11,000 respondents indicated definitely that they favored a separate state of Quebec.

The news came like a bolt out of the blue to English-speaking Montrealers, and for once separatism became copy



Barbeau: Separate state of Quebec?

even for the English language newspapers. In a single week the *Gazette* carried a report of one of Barbeau's meetings and a story of the reaction of Quebec's labor leaders towards separatism (They are against it.) Barbeau, who seems secretly pleased at all the fuss, says that the *La Presse* poll was conducted on highly unintelligent lines, none of the real issues being adequately dealt with in the questionnaire, and that its results are doubtful.

Not too long after the poll, *La Patrie's* columnist, novelist Yves Thériault, said that he too was in favor of separatism, and that his speaking tours of the Province had shown him that the youth of the Province are overwhelmingly in favor of breaking away from Ottawa. In a telephone conversation with Thériault I was told that "some students say, 'stop talking, just give us

guns,' " Thériault adds that of three hundred letters he has received on the subject two hundred and ninety-nine backed his pro-separatist stand.

Barbeau not only provided Thériault with documentation on *Laurentie* before the novelist made his position public, he also provided material for Jesuit Father Joseph D'Anjou, who has written an article in the Society's cautious official journal, *Références*, which could be interpreted as being favorable to the formation of a Laurentian State. This is in accordance with the function Barbeau assigns to the *Alliance Laurentienne* as an intellectual elite group, the primary function of which is to disseminate ideas.

The official organ of the group is a magazine, *Laurentie*, to which, along with Barbeau's followers, such distinguished personages as André Laurendeau, editor of *Le Devoir*, and René Lévesque, former radio commentator and now a Cabinet Minister in the Lesage government, have contributed. Its political arm, operating now under the name of *Le Parti Populaire*, has yet to be given wide publicity.

There is good reason for this. "A political party," Barbeau says, "must have representatives running in every riding. Quebec voters want to know that their party will win. Until then there is no use making any noise." What he is waiting for is the main chance. At the moment Barbeau is neither to the right or the left politically. He does plan some nationalisation, but does not favor socialism. He would not install Roman Catholicism as the state church, but he would acknowledge its role as the religion of the majority. By moderate positions of this nature he hopes to reassure the vast conservative majority of the Province.

"The St. Jean Baptiste Society," Barbeau says, "has stated officially that it is neither for me nor is it against me." This would seem to be a tacit endorsement by that influential and ultra-conservative group and the next step might be a coalition. This was, in fact, the stepping-stone used by the *Union Nationale* to power. Now that the *Union Nationale* is floundering so badly without aims and without a head, is this Barbeau's main chance? It seems highly doubtful, but stranger things have hap-

pened in Quebec.

It is doubtful because, in the extraordinary intellectual renaissance now in progress in French Canada, separatism is but one voice, and Barbeau's group, albeit the best organized, is only one of the separatist groups. The general trend is for the rejuvenation of French-Canadian society and institutions from inside. Nationalism is taken for granted, but in terms of increased provincial autonomy for the most part rather than the formation of a separate state.

It is outside the scope of this article to report all of these trends. But there are several trends that cannot be ignored. One is the move to increase the direct communication of Quebec with other nations, particularly those of the French language. An appeal for French language technicians from the troubled Congo met with widespread sympathy (although very few technicians or professors actually volunteered their services).



Barbeau invokes sound business principles in his economic plans for Quebec.

Reform in language and education is another pressing matter. A book on this subject, *Les Insolences de Frère Untel*, has sold more than 115,000 copies, and many others have followed it. The columns of the newspapers are full of protests and controversy about the state of the French language in Quebec, and the general tendency is for a purer, more effective French.

Led by a Montreal intellectual monthly, *Cité Libre*, the role of the clergy in education is under severe attack. Like most liberal thinkers in Quebec, the editors of *Cité Libre* feel that Barbeau's group is diverting the youth of the Province from the essential task of liberal reform.

It is much too soon, they say, to consider the formation of a separate state, which would only tend to perpetuate the existing reactionary elite groups. "This old land of the St. Lawrence," a *Cité Libre* editorial said recently, "would not be able to survive another quarantine."

Barbeau's response was to call the editors of *Cité Libre* "saboteurs in the pay of a foreign power." He went on coyly to say that the "foreign power" he had in mind "has its wooden horse of Troy at the CBC."

He is much less severe with other separatist groups. The noisiest of these, *Le Rassemblement pour l'Indépendance Nationale*, was founded by a dissident member of Barbeau's organization, and its chief spokesmen, Marcel Chaput and Pierre Bourgault, have led rallies in favor of Quebec independence throughout the Province. According to Barbeau, his group differs from the RIN in that the latter group doesn't believe that independence must be preceded by an "intellectual decolonization."

"They only want to make noise about separatism," Barbeau says. "The *Laurentiens* are different. We have a more rigorous intellectual discipline than they have. We see no reason for this dema-

gogic speech-making."

On the other hand he feels that the younger movement is valuable because it reaches all sorts of people he claims the *Laurentiens* don't reach, such as left-wingers, anarchists, agnostics and existentialists. "Even if those people can't meet our requirements for membership, they should hear about separatism."

Barbeau is distinctly cooler towards a third separatist movement, *L'Action Socialiste pour l'Indépendance du Québec*. "Socialism," he says, "is not in accordance with the genius and traditions of the French-Canadian people."

Despite his condemnation of the demagoguery of the RIN, Barbeau is given to making rousing speeches himself but it is true that his methods of enrolling support for *Laurentie* can be more subtle. One example is the manner in which he approached René Lévesque.

The time was a few months before Lévesque's election to the Provincial legislature. The place, Montreal's

Hôtel-Dieu auditorium, a veritable storehouse of historical memories. The occasion, the final round of a collegiate oratorical competition. A time for pious generalities, one would think.

But the winner of the competition was none other than Barbeau's young cousin, and his subject was a passionate appeal for *Laurentie*. Lévesque delivered a short comment on the talk. His comment was full of fire and passion, Barbeau says. Afterwards Barbeau rushed up and asked Lévesque if he were a *Laurentien*.

"Oui, je suis Laurentien," Lévesque is said to have answered.

According to Barbeau this shocked the pompous array of judges immeasurably, and there is no doubt that the great majority of French-Canadian professional and business men are in violent opposition to his views. But Barbeau was pleased by the opportunity to shock them.

He can also intimidate them. A small item in *Le Devoir* last summer told about the trial of a certain Gérard Brousseau in St. Jean. Brousseau was accused of having printed French inscriptions over the English language markings of a monument dedicated to the war dead of that pleasant Eastern Township community.

Reports were that the artist whom Brousseau hired to do the lettering did a neat enough job, but local residents, the Quebec Attorney General's office and the Daughters of the Empire were impressed only with the fact that the monument had been altered without proper authority. No one, however, seemed too sure what to do about it, and the threat of a trial hung over Brousseau's head for several months.

Barbeau felt compelled to come to Brousseau's aid. Not only did he feel that the monument should have been inscribed in French in the first place (a feeling shared by many of his moderate adversaries), but Brousseau was also a valued contributor to *Laurentie*. He was also disappointed to see that most of the people against Brousseau were French-Canadians.

Shortly before the trial came to court he decided to hold a ceremony of his own, and he wrote to a civic official in St. Jean asking for the use of the Town Hall. The official hedged. One can see the predicament in which the official was placed. If he refused the hall he was anti-patriotic, against his own language, mocking the sacrifices of his forefathers etc.; if he granted it, he was obstructing justice, helping a fanatical and troublesome organization, creating racial strife etc.

Barbeau is a keen enough politician to realize how closely the scales were balanced. He tells about a short telephone call he made to the official, in

the course of which he made it clear that if the Town Hall weren't made available there would be names named in *Laurentie*.

The request was granted, and no more than a few days before the trial Barbeau held a public ceremony — sparsely attended but still public — in which he awarded Brousseau a medal for distinguished service to the Laurentian people. The news spread through St. Jean, and Barbeau avers that it changed the tenor of public opinion from unsympathetic to favorable towards Brousseau.

At any rate, it is a fact that Brousseau was released without having to pay a fine. Rather he was cautioned to keep the peace, an easy enough sentence when one considers that Brousseau insists that he never disturbed the peace in the first place.

There have been several events in Barbeau's life which have brought him at last to his present view. Until his trip to Europe to study at the Sorbonne he says that he was more than a little "anglicized." Although he was offended, during a four month period of studies at McGill University, when he found "a contemptuous attitude" towards French-Canadians among McGill's English-speaking faculty and students. At another point an English-speaking friend told him that if Ontario were in the same boat as Quebec the natives of that province would separate to form "a free, English, monarchical and Protestant state."

In Europe, his eyes were opened to the world of political and economic theory. His scholastic record at the Sorbonne was uncommonly distinguished. With his doctoral thesis he earned the *Médaille de L'Académie Canadienne-Française*, an award he shares with only three other Canadian writers: Gabrielle Roy, Dr. Phillipe Panneton (Ringuet), and Germaine Guèvremont.

No young political reformer could have chosen a better subject for his thesis than did Barbeau. This was Léon Bloy, a fanatic French Catholic and Pan-Latinist novelist and idéologue. Although Bloy is widely revered among Catholic liberals today for his violent attacks on anti-Semitism and religious philistinism, his basic assumptions are those of *L'Action Française*, the Algerian *colons* and other quasi-Fascist French groups — assumptions based on placing the French-speaking world at the top of the world's cultural heap.

Bloy the militant Catholic, for example, whiled away time spent in Denmark by heaping ridicule on that country's burgeoning Catholic community and on Germanic peoples in general. Their only crime seemed to consist of their being un-French.

Barbeau has followed his "subject"

only so far. While holding on to Bloy's ideas about the supremacy of French civilization — ideas he has had reinforced from many other European sources — he rejects the austere loneliness which prevented Bloy from participating in organized political action. In his doctoral thesis, in fact, Barbeau calls Bloy a dangerous diabolist.

Barbeau came into contact with more practical ideas in Paris when he taught at the *Collège Stanislas*, the educational stronghold of France's militarist and monarchist old guard. (Among its many distinguished alumni are General de Gaulle and the late General Weygand). Here he met and discussed Quebec and its politics with the various shades of monarchists, all of whom were in favor of a Laurentian State.

They felt, however, that the real solution was for a member of the French Pretender's family to be offered the French-Canadian crown, an idea that Barbeau doesn't feel would go over too well in Quebec. He also talked with members of the old *Action Française* various military figures and, to the greatest effect, with members of a Pan-French group called *La Fondation Charles Plisnier*.

This organization codifies the mystic perceptions of Bloy about the destinies of the French race. According to them, all the French speaking peoples of European origin form a single Nation, *L'Ethnie Française*, which is, incidentally, the exact French equivalent of Hitler's *ein Volk, ein Reich*. Although European liberals have tended to shy away from *La Fondation Charles Plisnier*, Barbeau claims that the organization runs the whole political gamut in its membership, from Communists in the Val d'Aste, Socialists in Belgium, liberal and conservative Catholics in France to die-hard *colons* in Algeria.

One thing that Barbeau does not like about the organization is the vagueness of its aims, which, he feels, makes it an unsuitable vehicle for direct political action. In Belgium, for example, it is considered a respectable bourgeois organization, and is subsidized by the State, obviously the kiss of death for any separatist organization. On the other hand his attitude towards French-speaking minorities outside the Province of Quebec seems to reflect the approach of the *Fondation*. *Laurentie* would be to the French diaspora in North America, Barbeau says, what Israel is to Jews throughout the world.

Without abandoning his plans to bring natural resources and public utilities under public control, Barbeau has invoked North American business principles in his economic schemes for Quebec. When he was very young he used to ask his young English-Canadian friends who owned such and such a

building. They would tell him, leading him to wonder how he could acquire property.

What he learned, he says, is that any corporation is controlled by the owners of the voting shares, which he estimates at roughly 13 per cent of the total financing of most firms.

"You see," he says. "Anglo-Canadians acquire control of 51 per cent of the voting shares, and we could do the same thing. My father, like many French-Canadians, has put a good deal of money in Federal government savings bonds, victory bonds. There is more than seven hundred millions of dollars of French-Canadian money in Ottawa. Well, we will issue Quebec Savings Bonds. The distributing firm will be the *Banque Industrielle du Québec*. We will ask people to convert their Federal bonds to the Quebec bonds and then the *Banque Industrielle du Québec* will manage the buying and circulation of the voting shares of the companies."

The new bank, of course, would be the official bank of *Laurentie*, but it would not be government controlled, rather an independent institution. By placing control of the companies acquired by *Laurentie* in the hands of *La Banque Industrielle* Barbeau feels that he could avoid socialism. "We're going to do exactly what English Canada has done," he says.

And lest anyone accuse him of vagueness, he specifies the Shawinigan Water and Power, The Gatineau Power, The Natural Gas Corporation, and the Quebec properties of the Canadian National and the Bell Telephone Company among those that *Laurentie* would acquire.

In a recent French network television program (*Premier Plan*, May 7, 1961), the librarian of the Quebec Legislature, Jean-Charles Bonenfant, said that the difference between today's French-Canadian separatism and that of years past is that *L'Alliance Laurentienne* has actually proposed a constitution and that the movement is not confined to the extreme political right.

To observers of the program, which pitted Barbeau and representatives of the RIN and the Socialist Separatist movement against a distinguished trio of more moderate French-Canadian thinkers, it was also obvious that Barbeau is by far the strongest of the separatist leaders. He not only has the youthful zeal of the other separatist leaders, but also a personal magnetism and stability that the others lack.

The separatists are certainly a minority group in Quebec, but they reflect in their ideas a wide, if vaguely formulated, discontent with things-as-they-are among French-Canadians. It would seem unwise to ignore them.

Gloomy Outlook: Britain Is Against Sin

by Donald Gordon

WHILE THE RUSSIANS and Americans have been propelling themselves into the Space Age, the British have been essaying a return to the Victorian Era.

During the last 18 months, in much the same way that the Space nations have buzzed with controversy about the merits of rockets and the accessibility of Venus, Britain has been busily debating the banishment of prostitutes, the merits of flogging and the need for more thorough censorship.

And gradually, as the dedicated supporters of special causes have prevailed over a generally apathetic public, the shape of the law and the terms of its application have been changed.

Where before, in halting terms at least, the intent and content of legislation was largely permissive on matters of morals and manners, the current trend edges towards authoritarian prohibitions. The Victorian father, waging a dedicated battle against temptation and resolutely condemning those who succumb, is replacing the *laissez-faire* liberal with his dreams of individual choice and social responsibility.

The change—as with so many social revolutions—appears to have begun with the traditional British whore, two years ago. Suddenly, after decades of tacitly tolerated streetwalking, the girls became a living manifestation of evil. Their presence in public (that's the key to Victorian objections on most moral issues), became intolerable.

And so, after a short, sharp campaign and a report by Sir John Wolfenden, legislation was passed to remove the prostitute from sight. "We're not outlawing the profession," stressed supporters of the law, "we're just removing those public aspects of it that offend our sensitivities. Prostitutes should be unseen and unheard."

In the weeks that followed the scope of that intent became clear. Obliging, on the whole, since the British climate does have its drawbacks and the penalties under the new law were rather stiff, the Fallen Women moved indoors.

But they didn't drop out of sight. Some sat in windows beckoning in time-honored fashion (one enterprising soul even mustered a pea shooter to compel the attention of the preoccu-

pied); others listed their names, charms and phone numbers on strategically located notice boards; a few even grouped together with an ambitious would-be publisher to revive the *Ladies Directory* of earlier days in Covent Garden.

All this meant continuing Temptation. And to this the law reacted. Bewigged prosecutors successively widened the sense of the Wolfenden legislation to deem window sitting and notice boards to be merely variations of the street soliciting that the act forbade. Successive test cases, in a matter of weeks after the act was passed, shuttered the windows and purged the boards.

And with the *Ladies Directory*, an even more far-reaching decision was enshrined. This May, after a tortuous tour through successive levels of the courts, the House of Lords decided through their Law Lords on a history-making precedent. The publisher of the *Ladies Directory*, said their decision, was guilty of a moral crime.

He wasn't judged to be guilty under the terms of the Obscene Publications Act (which gave short-lived license to literature with its provision for the consideration of artistic merit, such as in the case of *Lady Chatterley's Lover*)—he was instead guilty of a crime described by the Lords as "a conspiracy to corrupt public morals."

As the *London Economist*, in a rare commentary on low life, noted:

"An essential principle of English criminal law is that crimes should be closely and narrowly defined. A conspiracy to corrupt public morals is so loosely phrased that it virtually gives the judges *carte blanche* to punish whatever at any particular time happens to arouse their moral indignation . . . it means that the Obscene Publications Act of 1959—with its insistence on judging books as a whole, and its defence of publication in the public good, and its use of experts to assist the court—can now be by-passed."

Even at that, the whore war is only a part of the new Victorian pattern. At the same time, steps have been taken against temptation in other guises. In the Commons, hopeful legislation devised by that out-of-date reformer R. A. Butler, the Home Secretary, to

lengthen pub hours, was effectively emasculated by angry Conservative backbenchers protesting behind the scenes (preserving that other Victorian essential—the double standard).

Nudity got short shrift with the successful prosecution of the poshest strip club of them all—Raymond's Revue Bar in London. The £5,000 fine imposed quickly dampened down the strippers' gaiety from the popular Chicago-style performances formerly prevalent to a level reminiscent of the rather antiseptic prudery of Britannia in John Osborne's *The Entertainer*.

Language got its share of attention too. In West End theatres, the Lord Chamberlain gradually expanded on his waspishness to reverse the rather liberal trend of the immediate post war years. One show, the rollicking *Fings Ain't What They Used To Be*, a musical dealing with a Soho gambling club, even came in for a second check-over which resulted in the compulsory deletion of four barely-doubtful lines.

And there were demands in the Commons for the prosecution of the staid old *Guardian* of Manchester after the newspaper published the four-letter words deemed acceptable in the *Lady Chatterley* case.

In the film world, the fight against temptation has been waged equally shrilly and resolutely. For instance, the award-winning film *Saturday Night and Sunday Morning*, which has played to some six million people in Britain alone since its release, was banned in its entirety by two Watch Committees this spring.

One of them, in Cheshire, ruled that the application of an 'X' Certificate (children under 16 not allowed entry into the cinema) by the film censor (an industry appointee) was not a sufficient guarantee that one or two persistent youths under 16 might not actually slip into the movie house and be corrupted.

These have been the outward manifestations of the new Victorian Age. They haven't been spontaneous accidents. Behind each move have been recently created or revived organizations dedicated to a renewed morality.

They sometimes sound eccentric, to put it mildly, but they list impressive support. The Moral Law Defence As-

sociation, for instance, could almost be labelled comic on the basis of some of its statements. Secretary John Connell of the MLDA, sums up their crusade against obscene literature in these terms:

"You know what will happen if the moral standards of this country continue to decline as they have done? We will be wide open for a take-over bid from Russia."

Connell, also secretary of the Noise Abatement Society, active in the campaign to get the chimes of Big Ben in full before the night news on the BBC (they were cut down to two strokes a few months ago) and a former butcher, explains this conclusion this way:

"The basis of all religion is that people want something to cling to, someone to set them a standard to live up to. If there are not standards and the law cannot enforce them, then we are in for trouble sooner or later. The

Council issues a regular review list indicating productions acceptable for adults and teenagers and for the entire family. Of 60 plays noted in the Council's 1960 report, no fewer than 32 were found wanting, including Brendan Behan's *The Hostage*, the time-honored antics of that famed vaudeville team The Crazy Gang, *Irma la Douce* and *The World of Suzie Wong*.

And of the 57 movies listed that year, the Council found that 19 were unsuitable—including *Anatomy of a Murder*, *Blue Angel* and *Expresso Bongo*.

In addition, with proper Victorian rectitude, the Council is one of the leaders in the campaign against artificial insemination by a donor ("it is adulterous in its nature."); is a bitter opponent of drinking and striptease clubs ("these clubs have no redeeming features—they're bad from start to

towards the punishment of those who indulge themselves.

The issue here has been simple and direct: To flog or not to flog? And as a sign of the times, even the liberal-minded *Daily Mirror* concedes, "Let's face it, most people in Britain believe in corporal punishment."

At the moment, the government, possibly influenced by the weight of evidence of psychiatrists and criminologists—they state categorically that flogging and the death penalty have absolutely no value as deterrents to crime—is pushing through a Criminal Justice Bill. The aim, in essence, is to concentrate on reform of criminals rather than vindictive punishment.

But can the program—another dream of the embattled Mr. Butler—succeed?

Already, heavyweights such as Lord Chief Justice Barker and a small platoon of bishops and nobles have come out firmly against the idea. Not entirely unpredictably, even those dragons of conservatism, the women of The Primrose League, have resolved in favor of the birch.

And in the process of organization now is a massive demonstration of 19th-century zeal. A group ironically calling themselves the Anti-Violence League is being formed with the goal of a membership of five million by the time Parliament convenes next autumn.

Their program:

—Re-introduction of the death penalty for such crimes as murder by poisoning, sex murders and accessories to murder in all crimes of violence irrespective of the weapons used.

—The addition of clauses providing for caning up to age 17 and birching up to age 21 to the Criminal Justice Bill in order to "reduce the ego" of young offenders.

—Counteraction against the activities of psychiatrists who advocate reform before punishment of the criminal, including an investigation of their influence on government committees, radio, television and similar public media.

Most observers in Britain now forecast that the League will reach its target of five million members and that the law in all probability will be amended. The political pressures, especially on the Conservative government, are seen as being too great to resist in the changed climate of opinion.

In sum, the alleged virtues of Victorianism appear to be coming back. And this time, sadly, few of the stout crusaders who defeated the Victorians the first time appear to be around and even fewer appear to be stepping forward as their successors. It looks as though its going to be a gloomy decade.



Lusty film, "*Saturday Night and Sunday Morning*," drew wrath of the few.

youth of this country need moral standards. If we don't do something, the Russians will seize the opportunity to influence our youth. In Russia, their moral standards are forced on them by law."

And despite some rather large loopholes in this argument, Connell and the Moral Law Defence Association have now the active support of no fewer than 50 British members of Parliament. During the coming year they plan to introduce a new Obscene Publications Bill into Parliament to defeat "the people who supported the Obscene Publications Act of 1959—the sort I call the Lilac Fringe."

The Public Morality Council works more behind the scenes with an even wider brief. With the support—mostly passive—of more than 200 organizations including all the major churches in Britain, the Council specializes in advising and encouraging regulatory groups such as Royal Commissions, the film censors, Parliamentary and departmental committees and local authorities.

In the case of movies and plays, the

finish."); and is opposed to "pin-up" magazines ("They are not legally indecent, but are most harmful.").

But even at that, the Public Morality Council seems almost reckless when it is compared with one of the newcomers in the temptation field. In Kent, George Shepherd, an Austrian-born naturalized Briton, has organized the Purity Movement which is dedicated to combat "evil, juvenile delinquency, crime waves, disease, accidents, mechanical birth control, pop singers, beatniks and the art of Epstein and Picasso."

Claiming a membership of "many hundreds," the tall, sombre Mr. Shepherd says his movement intends to arrest the "spiritual decline" of Britain.

And why the beatniks, pop singers and specified artists? "Art running amuck," says Shepherd. "The debasement of artistic expression is another aspect of spiritual decline."

In addition to these groups and their like-minded colleagues—such as the still-active Lord's Day Observance Society—the new wave of Victorianism is to be seen in prevailing attitudes

Leasing: New Tool to Conserve Capital

by Harry McDougall

LEASING IS RAPIDLY becoming a big business in Canada. It is new, it is being promoted on a large scale by organizations backed by virtually unlimited funds—and it offers to business and industry a means of modernizing, refurbishing and expanding production methods. Such modernization is essential if manufacturers are to keep ahead of foreign as well as domestic competition.

As the Canadian Dominion Leasing Corporation, one of the most active companies in the leasing field, says:

"The need for modernization and expansion to keep ahead of competition is the greatest challenge faced by Canadian business today. Machines that were ultra-modern 10 years ago are in many cases now obsolete and costly to operate. Leasing, in the sense that it provides a means of acquiring new equipment without necessitating the raising of new capital, offers a workable solution to many of the problems of re-equipment".

What exactly is leasing? Well, the term is used to describe nowadays a stable, long-term, arrangement entered into for a definite period, usually of several years. The most common aim of the lessee is the acquisition of modern equipment for the full period of its useful life in exactly the same manner as if it were being purchased outright. The difference is that the lessee has no equity in the equipment either initially or at the termination of the leasing period.

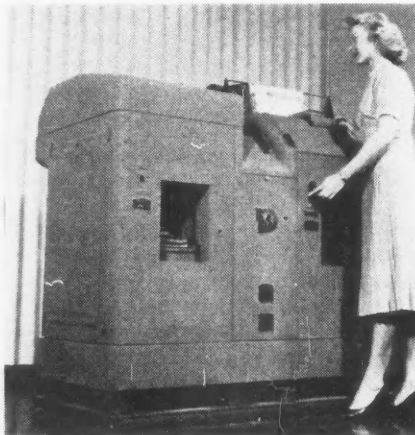
Any type of equipment can be leased, the only proviso being that it be of a non-expendable nature. For instance, pencil sharpeners can be leased but not pencils, a rolling mill but not the oil to lubricate it. The actual cost of the equipment is irrelevant; leasing companies will lease any equipment from a typewriter to a million-dollar jet aircraft.

Leasing is particularly favored by companies which use accounting and electronic data processing machinery. With this type of equipment there is a constant danger of radically new equipment appearing on the market and rendering existing machines obsolete.

This unpredictable hazard, combined with complicated servicing problems, encourages users of this type of equipment to lease it for leasing at least assures them of excellent servicing.

Thus Burroughs Business Machines Ltd., International Business Machines Ltd. and other large manufacturers in the account and data processing field, lease computers, bank proof machines and many other types of electronic equipment.

Again, the leasing of fleets of cars, for periods of a year or more, is becoming increasingly common. Since no equity is acquired, tax problems are considerably simplified—moreover, the size of the fleet can be varied from



Computers can be profitably leased.

year to year to match fluctuations in sales staffs.

S. F. Tilden, President of the Tilden Rent-A-Car System, says:

"Leasing of fleets of cars has mushroomed rapidly over the past few years and today, for the first time, more cars are being leased by business people than are owned. No longer is a company judged by the amount of land or the number of buildings or the types of cars it owns. A firm's first consideration is profits and many companies could use the money they have tied up in automobiles to better advantage".

Leaseback of buildings is a specialized field and is becoming increasingly interesting to those companies, such as supermarkets, which have

higher-than-average requirements for real estate. Under a leaseback arrangement, the company sells its buildings and then enters into a leasing arrangement which ensures that it will continue to have the use of them, in the same manner as before, for a period which may be as long as 20 years or more.

The construction of many new buildings has resulted from leaseback facilities being available. Many quite prosperous companies, having need for larger premises but wishing to keep all their available capital for inventory, have entered into leaseback arrangements whereby new plants have been built specifically to suit their requirements, financed by leasing organizations and then leased back to them.

Before leaseback became common, such companies would have been faced with the choice of leasing existing, perhaps relatively unsuitable, premises, or of financing the building of new plants by conventional methods. However, the leaseback rate in such cases is likely to be higher than the normal rate, particularly if the new buildings are of a highly specialized nature.

This is because the financing company can expect more difficulty in leasing it to a second tenant if the first encounters financial difficulties and has to vacate the premises. The stability of the company which is to occupy a new plant is one of the main factors in establishing the leasing charges.

From the investor's viewpoint, leaseback offers one principal advantage over conventional mortgages, which compensates for the lower return on investment—the fact that, at the end of the leasing period, the lessor owns the building outright. The financing of leaseback deals can be quite attractive to an investor looking for sound, long-term investments.

Some of the claimed advantages of leasing are:

- The usual lines of credit are not affected.
- Capital is conserved for other business needs and for possible expansion.

- The need for complicated depreciation schedules is eliminated; a fixed leasing rate is guaranteed for a definite period and rentals may be written off as a business expense before taxes.

Of all the claimed advantages it is the prospect of conserving capital which is the most attractive to the average businessman. Although most experienced lessors now ask for the equivalent of one or more month's rent for each year of the lease, to be paid in advance, there are many cases in which the lessee enjoys the advantages of almost 100 per cent financing; moreover, the term of the lease can usually be arranged to cover a longer period than is normal on an instalment purchase. Equipment is, indeed, often leased for a term which extends over the whole economic life of the equipment.

One of the advantages claimed for leasing is that it simplifies a company's balance sheet, since long-term leases are not normally shown. However, there has recently been a trend towards adding a footnote to the company's balance sheet if substantial leases have been entered into.

In the U.S., auditors are generally agreed that where the amount of equipment under lease is equivalent to more than five per cent of a company's assets, lease obligations should be noted on any balance sheet and explained on any prospectus.

Arranging a lease for new machinery and other equipment is not a particularly complicated operation, although the wise prospective lessee will, of course, obtain specialized legal advice before appending his signature to any agreement. To enter into the lease, the lessee first provides a list of the equipment he requires, including the price of each item with all applicable sales taxes, and the names and addresses of the suppliers.

The leasing company then prepares a specific proposal tailored to the requirements of the potential lessee and sends this, together with a sample Leasing Agreement, for the proposed lessee's review. When mutually satisfactory leasing terms and conditions have been agreed upon, the leasing company purchases the equipment, which is delivered direct to the lessee.

In the case of a company which already owns a great deal of equipment but which wishes to raise additional funds for working capital or for investment in other projects, the leasing company purchases the existing in-plant equipment and then leases it back to the user in such a manner that no physical change takes place; most of the employees need never know anything of the transaction.

The length of a lease is flexible but

on an average runs from three to five years with an option to renew at nominal rates at the end of the leasing period if the lessee does not wish to return the equipment. No option to purchase at the end of the leasing period is ever granted since this would nullify any possible tax advantages.

There is no doubt that leasing eliminates many administrative costs. Particularly is this the case with equipment for which the cost of repairs, supplies of spare parts, insurance, etc., would normally have to be dealt with separately. In the case of leased equipment these can all be covered by a single monthly payment.

Long-term leasing also minimizes to some degree the penalties of inflation. Since most leases are on a fixed monthly basis and run for a period of several years the leasing cost remains static, irrespective of fluctuations in the purchasing power of the dollar.

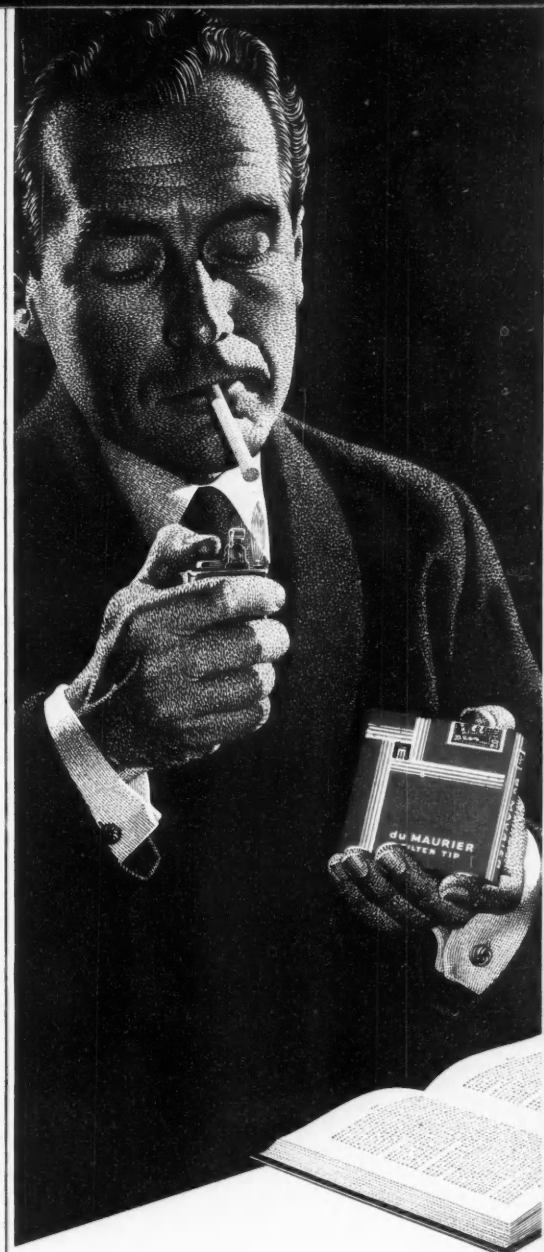
Salesmen employed by some manufacturing companies have reported a fairly important, yet less obvious, advantage which the ability to offer leasing agreements affords; it sometimes enables an executive on a fairly low administrative level to make a decision involving the acquiring of equipment. A decision to purchase the same equipment outright might have to be made at a much higher and relatively less accessible level.

One of the chief factors which leasing companies find difficult to combat, is the psychological phenomenon of "pride of ownership", yet leasing is quite common not only in small businesses but even in the very largest companies and in Government establishments. There is certainly no stigma attached to leasing rather than purchasing equipment outright.

An executive of the Canadian Dominion Leasing Corporation says:

"The *desire to own* can delay acquisition of much-needed equipment. For instance: if the purchase of a cost-cutting machine is postponed because of insufficient capital, the benefits to be derived from the machine are also postponed. Ownership tends towards the long-term use of equipment, even beyond its productive years. The Let's Make Do attitude is very human, but often very costly".

Is leasing in Canada about to enjoy the boom which it has been experiencing in the last few years in the U.S.? Judging by the confidence of the new leasing companies who are entering into this field—Tankoos-Yarman; Toronto Industrial Leaseholds Ltd.; Canadian Dominion Leasing Corp.; Corporate Plan Leasing Ltd.; Traders Leasing Ltd.; Pacific Leasing Ltd.—one would assume that it is.



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However, there is a curious and quite noticeable ambivalence in the opinions of leasing expressed by these established financing corporations which offer leasing facilities but are also accustomed to dealing with more conventional financing methods. They appear to be attempting to take an impartial attitude, pointing out not only the advantages but also the disadvantages of leasing when compared with the better known forms of financing.

It is undoubtedly true that virtually all the claims made in favor of leasing are open to question, particularly those relating to conservation of capital and supposed tax advantages. Viewed in its broadest light, leasing is no more than a way of obtaining or conserving additional working capital and this is a problem which can be solved by a very wide variety of methods.

One of the main claims made for leasing rather than purchasing is that it lowers the initial cost, but when a leasing company asks for several payments in advance the total figure becomes, in effect, the equivalent of a down payment on a normal finance agreement. Another common claim is that leasing preserves credit. This, of course, is not entirely true, especially when a company is irrevocably committed to fixed monthly payments over several years.

In the case of net leasing, as offered by the leasing companies, the lease agreement does not necessarily include servicing of the equipment such as that offered on the older type of leasing contracts used by office equipment and electronics manufacturers, so this advantage does not always apply to particular cases.

The tax advantages, which proponents of leasing emphasize, also appear somewhat optimistic since, as all businessmen know from experience, there are few financial arrangements which permit all parties to benefit while the Government loses! What leasing does appear to do, however, is shift the timing of deductions for tax payments. Whether this is a good or bad feature depends upon particular circumstances.

In any case, Canada, as is usual with the introduction of new business practices, seems to be following in the wake of the U.S., where leasing is enjoying a relative boom. It is too soon yet to make any estimate of how important it will become. At present it is a relatively small factor in the whole business picture. As K. H. Macdonald of the Canadian Industrial Acceptance Corporation suggests:

"Leasing is like free love—it is usually expensive, it can involve legal problems, and it is still more talked about than practised".

London Letter

by Beverley Nichols

Looking Down from New Heights

LONDON IS REACHING for the stars. The skyline is soaring so rapidly that there are many districts of the City where you might imagine — particularly at night — that you were in the outskirts of New York.

The most impressive of the new giants which have shouldered their way into the city of Sir Christopher Wren is the 26-story Shell building which has risen on the south bank of the Thames. 26 storeys may not sound very much in comparison with the skyscrapers of the New World but Shell had to build on London clay, which is a good deal trickier than Manhattan rock. 500,000 cubic yards of that clay had to be clawed out as a preliminary measure.

After this, 185,000 cubic yards of concrete had to be stored in the neighborhood of Waterloo Station. Not till then could the engineers start to devise a foundation that would be obliged to carry 200 tons on a single pillar, all on clay within only a few yards of the treacherous banks of the Thames. Confronted with a task of this magnitude, even the Americans might have had an occasional headache.

Although the building will not be completed until next year, when it will be opened with a considerable fanfare of royal trumpets, I thought it worthwhile to give you a preview of this building, if only to remind you that the old country is not living exclusively in the past. And it is lucky for all our sakes that I have not got a horror of heights, because I had to ascend in an outside lift that climbed up and up and up, rocking and creaking and staggering like a drunken beetle. I was frozen to the marrow, and covered in cement dust. But I was definitely excited.

Who wouldn't be? Here is the new London, the London, not of 1961, but of 2061. Here is a place where one's mind seems to throb to a violent new rhythm. I like to think that I am the squarest of the squares, but sometimes I wonder.

Up here on the 26th story, bracing oneself against the bitter assaults of a wind that whistles through the scaffold-

ing with a weird ultra-modern music, one thrills to the challenge of a new world. A starkly aggressive, uncompromising youthful world that is already looking over the horizon towards the twenty-first century.

The beauty of London, from this precarious eminence, is breathtaking. Under the veils of dusk, through the grey tulle of twilight, it is spangled by



Shell Tower: View toward St. Paul's.

a million electric stars. At this magic moment — London's *heure exquise* — the drabest little dot of a warehouse becomes a golden speck in a design of unique loveliness.

Grab hold of a steel girder, steady yourself, take a deep breath . . . and look down at this fabulous city.

Buckingham Palace. Like a royal doll's house. You feel that it should be surmounted by a tiny tinsel crown. The Houses of Parliament. Constructed from children's blocks. Waterloo Station. Rather sinister, under its cluttered hood of smutty steel. As though, underneath, it were peopled by tribes of witches which, when one tastes the coffee from the young trolley ladies, one rather suspects that it is.

And then, standing out from the dominant pattern, like little silver flowers, the occasional modest facade of a church built some three centuries

ago by Sir Christopher Wren. So small, so unpretentious, and yet so strong, and of such unassailable dignity.

Those little churches, those silver flowers in the great steel jungle, gave me back my sense of proportion. For though this fantastic panorama had quickened my blood, like the swirl and slash of a Picasso, I had to admit that the churches were nearest to my heart.

Once a square, always a square.

The most significant fact about this self-contained metropolis of the future can be expressed in one simple statistic. Out of all the thousands of acres of floor space, scarcely *one-third* is devoted to purely business purposes. To say that all the rest was set aside for the workers' fun and games would be an exaggeration. One has to count in such items as garage space, kitchen accommodation, and the like.

But fun and games do account for a vast amount of space. There is an international-sized swimming pool, a multi-millionaire affair, that would compare favorably with anything that you could find on the gilded coast of Florida. There is a magnificent cinema, which is to be decorated by Cecil Beaton. There is a super shooting gallery, and a superb gymnasium. (I apologize for all these superlatives, but they are justified.)

As I came away, a friend said to me: "We've come a long way since the days of Charles Dickens."

"What do you mean?"

"In *his* time the sweeps were still sticking little boys up the chimneys."

Yes, we have indeed come a long way. A thought upon which the angry young men might sometimes reflect with advantage. They are always posing the rhetorical question: "What has the older generation done for *us*?" It is entirely right that young men should ask these questions. And if they choose to ask them with a splutter of four-letter adjectives, so much the better. I (and my great-aunt) have been cosily familiar with those adjectives from an early age.

The Chelsea Flower Show was an all-time record. This annual blossoming by the banks of the Thames has become London's biggest traffic-stopper. It causes more chaos than the Lord Mayor's Show and the Opening of Parliament rolled into one. For a radius of over a mile round the Gardens, and as soon as the gates are open at 8 a.m., a vast crowd starts to surge through them, and goes on surging at such a pace that by noon it is almost impossible to get near the exhibits.

To me this crowd is the best part of the Show, particularly on opening day,



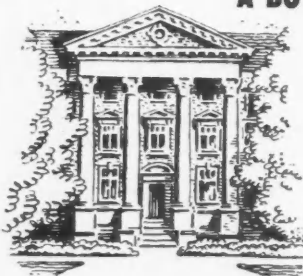
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when the average age of the visitors is well into the fifties. One sees here a cross-section of Britain's landed gentry, which is almost too typical to be true — old ladies with limbs twisted like the roots of ancient trees, old gentlemen hobbling along on walking-sticks, with obsequious head-gardeners bringing up the rear. There is a positive cavalcade of Bath-chairs, and this must surely be one of the last places in the world where one can observe ear-trumpets, which are unashamedly ear-trumpets and are not disguised as "hearing-aids".

But they know their stuff, these grand old people, and any rash young assistant who does not come up to their standards is liable to find himself reproved in a fusillade of Latin names. As one edges one's way through the crowd, one feels that as long as these people exist, the idea of a revolution in this little island is distinctly academic.

One cannot say the same about the flowers, for here a number of revolutions are in full swing, notably among the roses. There are grey roses and silver roses and roses that are so nearly blue that it makes no matter. Perhaps the most striking is a brown rose, though "brown" is an inadequate description of its color, which is *cafe-au-lait* lit with gold. As the petals open, this strange hue slowly changes to a brilliant cherry-pink, with a silver sheen. So luminous are these flowers that in the dusk the petals shine like floral glow-worms.

The same startling innovations were to be seen on every side. Britain may never rule the world in the fashioning of dresses, but in the fashioning of flowers she remains way on top. The only exception is in the so-called "atomic gardening", which was launched with such a flourish of trumpets last year.

We were promised giant delphiniums and titanic sweet peas and radishes the size of tennis balls. These disturbing phenomena have completely failed to materialize, at any rate in Britain. I wonder why? Is it because of some inherent defect in their structure? Or is it because of some moral quality in the British character? Your guess is as good as mine.

But I thought that there was some significance in the observation of an elderly countess who was discussing "irradiated" seeds from the depths of her Bath-chair. "No doubt" she said, "they would be very suitable for some people." And she would not be surprised if the Russians were not shortly scattering them on the moon.

But she had no intention of introducing them into the gardens of the Hall. Somehow she had a feeling that they were "not quite nice".

Ottawa Letter

by Raymond Rodgers

Wanted: Intelligence in the RCMP

THE RCMP ESTIMATES are currently before the House of Commons and MPs are asking a number of questions about the efficiency of the force. Some of the most important questions which can be raised are those touching on the Security and Intelligence Directorate.

Already, since the Justice estimates were up for discussion late in May, a number of points have been raised. By and large, however, these have not gone to the heart of the matter. An exception might be part of a question by H. W. Herridge based on an article in *La Presse* which claimed that the RCMP has attempted to infiltrate the Laval University "ban the bomb" club.

It is a fact, of course, that the RCMP does attend various protest meetings. In the main, the RCMP confines such attendance to "Leftish" groups; though it could be argued that the separatist organizations in Quebec, as well as the "let's join the U.S." advocates, pose a greater threat to Canada's survival.

Actually, the real threat to security in this country is not found in groups of loud-mouthed hot-heads only too willing to let us all know where they stand on every issue. The real threat comes from the silent ones who play a very cool game of public political neutrality while at the same time preparing the way for espionage.

The RCMP's only proper justification for observing political organizations is in order to provide an answer to these questions: (1) Does the group advocate the forcible overthrow of the government? (2) Does the group foster espionage and subversion? Clearly student "ban the bomb" groups are not within the terms of question one. The RCMP's concern, however, is directed towards question two.

As pointed out before, the really dangerous security-risks will not be found parading in protest groups. Who will then? The answer is clear: university students, idealists, embittered intellectuals, and trade unionists. By attending such groups, the RCMP hopes to be able to take note of *potential* security-risks — particularly those with the education to enter

government service.

The RCMP "takes note" not only in this manner, but also — when security clearances are called for — by questioning the employers, neighbors, friends and others acquainted with a particular individual. This whole pro-



Commissioner Harvison of RCMP.

cess raises some important questions.

As Justice Minister Fulton himself says: "There is an inherent difficulty in security matters in that individuals' private lives receive close scrutiny."

That such scrutiny may be necessary cannot be denied. The problem is: what kind of scrutiny, and by whom? Investigating constables are not supposed to express opinions about an individual's loyalty; as Mr. Fulton says — "their function is to report the facts." But this in itself requires a sophisticated evaluation of the words and actions of people — the "facts" can be very intangible.

Compiling these facts is the responsibility of RCMP officers (and some civilian investigators) who may have no university training in political theory. The basic educational require-

ment for entry into the force is a grade ten education. For full-time security work, the RCMP looks for better than that — and of course, no man is put into security work until he has years of RCMP experience. Some investigators have university degrees. It can be argued that they *all* should have them.

It requires considerable sophistication to distinguish between the characteristic remarks of a left-wing CCFer and a national Communist. Yet there is a clear distinction of principle between the two: one espouses revolution, the other, parliamentary evolution. A remark, noted out of context, can condemn a man for life. That this is not a far-fetched suggestion was revealed by an interesting case in Britain. An investigator noted that a man got up in a meeting and announced his "dedication to the CP cause". The man, who subsequently became a civil servant, fought without success throughout his career to have this removed from his file — because his old affiliation was with the *Commonwealth* (not the Communist) Party!

It will be seen then that "factual" files can be dangerous unless they are not only reviewed but also *compiled* by intellectual investigators. This point seems to have been missed by our Justice Minister in his following remarks on the subject:

"First of all, I am sure that every Canadian agrees that our security must be as efficient as possible and I have never heard of any efficient organization which did not keep files. It would be completely impossible to run the service at all if every report which came in was promptly incinerated."

"Secondly, a file stands to protect the innocent. If slanderous rumors have been circulated about an individual and the RCMP investigate and find him to be loyal and honest then his file proves this fact. If his integrity is ever in doubt again, his file would attest that at least up to a certain date he was beyond reproach."

The Minister added: "Scrupulous care is also maintained to see that information from them does not go to unauthorized persons." And that includes the person under investigation. In other words, you have no absolute right to know what the RCMP "knows" about you. Under certain circumstances, this is understandable. But when non-university-trained investigators may be compiling the "facts" this is somewhat disturbing to many intellectuals.

Another aspect of this matter is the charge — which has been bandied around by many university people — that the RCMP is "anti-intellectual."



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It would be very difficult to pin this down but perhaps some hint is revealed in the RCMP Annual Report for 1959-1960 which has only recently been tabled in the House of Commons.

Under "Training" the Report lists 83 trainees in security courses (coupled with compulsory reading programs) of some weeks and months duration, as well as nine in related language training and two in cipher courses. Only three members of the force were taking full-time university law training; two were taking full-time arts; and twelve were taking "one-year non-degree courses" (subjects unspecified). Clearly, the RCMP is no hotbed of higher learning in the social sciences.

The only specific indication in the Report which *might* seem to justify a charge of "anti-intellectualism" on the part of highly sensitive academics will be found under the heading of "Crime Detection Laboratories". The item in question *may* reveal some bias against the educated. Throughout the Report, brief examples of solved crimes are cited. The longest citation, filling one and a half pages, deals with a member of what surely must be the most infrequent type of criminal — a highly educated one (named Jenkins).

The citation is said to "demonstrate the persistency of a well educated man to pursue a life of crime". After listing his degrees, it goes on to report that "according to the Dean of Wesley College, Reverend Mr. Jenkins was a genius type with marks in various subjects bordering 100 per cent."

"Jenkins was charged with seventeen counts of Forgery and Uttering. Being well educated, a good speaker and remembering the arguments and legal phrases used in previous court appearances, he conducted his own defence. He was convicted and sentenced to two years' imprisonment." (The citation also remarked that "it is interesting to note that Jenkins corresponded with Lonely Heart Clubs.")

From the full account it is clear that Jenkins' story is an amusing and colorful one. But some readers of the Report cannot help but feel a slight tone of sneering throughout. If so, this would be somewhat akin to the "you-can't-trust-those-eggheads" attitude which many university people interested in civil rights say abounds in the *lower ranks* of Security and Intelligence.

If such an attitude *does* exist, then it should be quickly rooted out. This country spends a (worthwhile) \$5,000,000 per year on military bands. Is it asking too much that a far smaller amount be spent to finance university courses for members of our finest force — the RCMP?

Letter from Australia

by Harry E. Mercer

Gambling Is a National Habit

SYDNEY WAS AMUSED early last December when the police laid charges against 16 men for yet another freak breach of the State's almost universally ignored gambling laws. The men were caught staging a toy boat regatta, just as they had each Sunday afternoon for months past, in a Centennial Park drainage canal.

A dozen toy boats were lined up before a specially made wooden sluice gate, which impeded the flow of water. After bookmakers had finished accepting bets, the "barrier" was raised and the first boat to pass beneath a string tied across the canal downstream was the winner.

This episode attracted public attention only because it was different. It broke the monotony of routine gambling in which almost every Australian participates—gambling on horse and dog races, buying State lottery tickets, playing poker machines, two-up (tossing pennies), baccarat and various card games.

Australians will bet on anything. Because of this, gambling is one of the nation's most serious social problems. Experts, including Taxation Department officials, estimated recently that more than \$1,500 million is spent here each year on taking a chance.

This sum approximates one-tenth of Australia's gross national product. The world's only other billion dollar gamblers are the Americans and the English. For Canadians to gamble proportionately as much as Australians, you would have to wager to the tune of \$3,500 million annually.

One of the most talked about issues in New South Wales at present is whether or not off-course (S.P.) book-making should be legalised. Official statements about this matter often displace serious international and domestic items from newspaper headlines.

S.P. betting, which is said to attract investments up to \$20 million a week in New South Wales alone, is the most blatant breach of law in this State. It flourishes in an atmosphere of corruption and through the years has been

responsible for many cases of police bribery.

Getting your money illegally on race horses and dogs is an easy matter. Proprietors of most pubs regard the availability of an S.P. bookie as normal

Following publication of its two articles on gambling in the issue of May 27—and the growing public interest in the subject and its criminal concomitant—SATURDAY NIGHT asked its correspondent in Australia about the situation there. Herewith his report.

service to clients. Other bookies operate in backyards of private homes, secluded alleys and I have even seen one operating in a public lavatory.

But most S.P. betting is transacted over the 'phone. Some S.P. shops are as elaborate as a stockbroker's office—modern desks, batteries of 'phones, well-trained clerks, who know each

client by voice and the amount he is likely to be able to pay on "collection day" if he loses.

New South Wales is one of the few Australian States in which S.P. betting is still outside the law. The State Government probably resists pressure to follow the other States and bring the menace out into the open because it has already legalised poker machines and sanctioned the Opera House lotteries. If it also legalised S.P. betting, it might get the tag "The Gambling Government".

Not that illegal gambling here is anything to be ashamed of.

The late Senator Bill Ashley, one of the Chifley Government's most able Cabinet Ministers, made no secret of the fact that he got his "start in success and politics" through his influence as an S.P. bookie in Lithgow (N.S.W.). I have seen a 10-year-old child ask his gambling father to place a shilling of his pocket money on a race horse "sure thing". The horse proved a disappointment, but the child's bet was laid.

Easily the most popular legal form of gambling in Australia is the various State lotteries. New South Wales has four lotteries, with first prizes ranging from about \$14,000 to \$220,000. Profits from three of these support State hospitals. The rake-off from the other is used to finance the building of Sydney's opera house.

Without poker machines most clubs in Sydney would have to close down. Annual profits derived from these "one-armed bandits" are often fantastic. Last year the Sydney Journalists' Club made



Bookmaker in action. Members' enclosure, Jockey Club.



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\$150,000 out of them. Tattersalls Club, a big-time gamblers' haven, usually makes four times that amount.

Taking a chance seems to have an almost psychopathic appeal to Australians. And the challenge "Betcha couldn't do it" has prompted Australians to set world records in just about every imaginable phase of human endurance and daring.

During the past 10 years Australians have claimed world records in:

- Piano playing: 176 hours non-stop (for a bet of \$45).

- Pushing a wheelbarrow: 2,113 miles (\$11).

- Parapet walking: moving from one window of a building to the next on a 14-inch ledge 150 feet up blindfolded (\$450).

- Eating: 246 oysters (\$1,200); 45 half chickens (\$450); 54 eggs in seven minutes (\$120).

- Hymn singing: "The Holy City" sung 30 times on crowded Pitt St., Sydney (\$12).

- Steeple climbing: a Sydney University girl scaled the 130-foot St. Andrew's Church steeple in London. (\$90).

- Emu egg hatching; chicken appeared after a 19-day sitting (\$220).

- Pole sitting: two university students were taken to hospital after breaking the world record of seven days in severe cold—for a bottle of gin.

Perhaps the greatest gambling odds ever offered in Australia were laid in Sydney about a century ago, when foot racing was often the medium for bigger wagering than horse racing.

When professional runners Ted

Lazarus and Charlie Samuels met in a 120-yard challenge race, the clash aroused so much interest that a horse race meeting scheduled for the same afternoon was postponed.

Punters who had backed Lazarus for a fortune laid him the fantastic bet of \$16,000 to a penny on himself as an incentive to win. Even so, Lazarus had to pay the penny.

Every now and then an Australian will bet on something against impossible odds simply, it seems, to whet a jaded gambler's appetite. A Sydney gambler on a visit to London stood to collect \$10,000 from a 50 cent bet with an English bookie if seven unlikely things happened that year.

The bookie agreed to pay if:

- President Truman and Joseph Stalin met in London for peace talk.

- England beat Australia in the cricket Tests.

- An Englishman won the world heavyweight boxing championship.

- French horses won no English classics races.

- No snow fell in London during February and March.

- A London team won the Football Association Cup.

Needless to say, the Australian lost his 50 cents.

How Australians got to be such incorrigible gamblers is a mystery. Increasingly economists and moralists warn of the evil consequences of gambling. But when you see school children playing two-up and poker in trains, you can be sure that the nation's chief weakness is permanent.

In fact, you could bet on that.



Bookies' umbrellas among the crowds at racetrack.

Books

by Kildare Dobbs



Malcolm Lowry: Ding, dong, doom.

MALCOLM LOWRY'S *Under the Volcano*, published in 1947, is beginning to emerge as one of the great novels of this century. That it should have taken so long to grow to full reputation is surprising, especially here in Canada—it was written in British Columbia—where true patriot scholarship is forever anxiously rummaging in the literary trashcans and remainder counters in the hope of rescuing a native masterpiece.

But perhaps Lowry's personal legend put off as many potential readers in this country as it attracted. It was so grotesquely a hard-luck story, such a record of lost or rejected or burnt and heroically rewritten manuscripts, of seafaring and drink and delirium, culminating tragically in "death by misadventure" in the author's 48th year, that some Canadians may well have recoiled from it.

The Can. Lit. boys had pulled this one before. They had put up such a bleat about the hardships of one Frederick Philip Grove and how it all proved him a genius that some unwary readers, out of sheer softness of heart, had made the mistake of trying to read him. Those readers were not anxious to be caught a second time.

Now that the revival is in full swing, not only in Canada (where the current issue of *Canadian Literature* is mostly

Engines Sing Frere Jacques

given over to Lowry) but in France, Britain and the United States, those readers should hasten to repair their omission and read *Under the Volcano*. They will not find it easy at first, but once used to Lowry's style they will discover that he can do anything with it, anything from rendering the palpable matter-of-fact to the most appalling hallucination.

It is his gift to combine humor and tragedy; heaven and hell are present in every line; a reader who has once fairly encountered him in this magnificent and darkly splendid novel will find its resonances and reverberations echoing in his own thoughts and dreams.

"Depuis Joyce," says the French critic Max-Pol Fouchet, "depuis les grands Faulkner, rien d'aussi important, rien qui aille plus loin et plus profond ne nous a été offert par la littérature étrangère."

Among Lowry's papers, which are preserved in the library of the University of British Columbia, there were found fragments of a number of novels—one of them almost complete, which will be published in New York this fall—and a complete cycle of stories which has just been published under the title *Hear Us O Lord from Heaven Thy Dwelling Place*. There are also a number of poems which have been published (or are about to be) in *Evergreen Review*, *Canadian Literature* and *The Tamarack Review*: they will be collected in due course in a book.

Lowry was born in England in 1909, suffered the conventional middle-class education at preparatory and public schools and by seventeen (I am told on good authority) was a full-blown alcoholic. He put in some time at Cambridge, travelled as a sailor all over the world and lived for long

periods in Mexico, the United States and British Columbia.

The image of happiness which constantly reappears in his work — and especially in *Hear Us O Lord* — is the shack on the shores of Burrard Inlet, Vancouver, where for a number of years he and his wife Margerie lived together. This passage from *The Bravest Boat* is characteristic:

"But when the full force of the wind caught them, looking away from the shore, it was like gazing into chaos. The wind blew away their thoughts, their voices, almost their very senses, as they walked, crunching the shells, laughing and stumbling. Nor could they tell whether it was spume or rain that smote and stung their faces, whether spindrift from the sea or rain from which the sea was born, as now finally they were forced to a halt, standing there arm in arm . . . And it was to this shore, through that chaos, by those currents, that their little boat with its innocent message had been brought out of the past finally to safety and a home."

This figure of life as a voyage, beset by fearful storms, and coming at last to a haven of peace and happiness, is pervasive in *Hear Us O Lord*, the title itself being taken from a Manx fishermen's hymn. The theme is most powerfully realized in the long story *Through the Panama*—the second in the book—which was first published last year in *The Paris Review*. It takes the form of a journal recording a voyage from Vancouver through the Panama Canal to Rotterdam, on board an American-built Liberty ship of French registration, the S.S. *Diderot*.

The diarist is Sigbjorn Wilderness, one of Lowry's other selves, who appears in several of the stories, and who has evidently shared the experience of

the author of *Under the Volcano*. He speaks of "Canada, whose heart is England but whose soul is Labrador" and goes on to note, "Of course I am a Scotsman. As a matter of fact I am Norwegian." (Lowry's grandfather was a Norwegian sea captain who went down with his ship.)

Although the journal is intimately personal and introspective its overtones are universal — so many nations involved in a voyage in a ship named for an encyclopaedist. Wilderness is accompanied by his wife Primrose and in fact the notes for *Through the Panama* were made on a voyage taken by Lowry and his wife in the autumn of 1947.

It is all vividly real, down to the last detail. Yet it is also the voyage of the Ancient Mariner, "the billows of inexhaustible anguish haunted by the insatiable albatross of self". Wilderness is writing a novel about a novelist who becomes enmeshed in the plot of his own novel "as I did in Mexico" (the setting of the *Volcano*) and like Lowry he has to fear not only the furies without of storm and seawrack but the horrors within, the demons of that private hell which is never far from the alcoholic.

We are made to hear the ship's engines which throughout the voyage (and throughout the whole of *Hear Us O Lord*) keep up their interminable canon: "Frere Jacques, Frere Jacques, dormez vous? Dormez vous?" which sometimes slides into "Sonnez lamentina, sonnez lamentina, Doom doom doom." Of course, notes Wilderness, "you bloody well can't dormez"; he makes one of his frightening jokes about it. "Guess I'll turn in and catch a little delirium."

At Los Angeles a new passenger comes aboard. His name is Mr. Charon. And as they steam down the long desolate coast of Mexico, with all its dreadful memories for Lowry-Wilderness, in the company of this namesake of the boatman of the river of death, the diarist dreams of death, a realm of noseless white whores whose faces come to pieces when they touch them "like newspapers picked out of the sea".

And: "If these things should be survived . . . he must never forget, and write down, to the accompaniment of Frere Jacques, etc.: for they represented to his mind the bottom of all sorrow and abjectness." There follows on a line by itself the cry, "God help me".

Not long afterwards he notes that a white dove came on board. Yet the Panama is still before them, not to speak of an Atlantic hurricane—the terrors of immigration officials and the raging of the sea. It is all shot through

with a marvellous wit and good humor and Wilderness' comic manoeuvres to get enough to drink. I do not know when I have read anything so filled to overflowing with a sense of what Dr. Leavis calls "felt life" or that leads so convincingly to its destination of a happiness, a redemption earned by love and, in a profound sense, faith.

And yet to say this is not to stamp it with the worthless approbation of those positive thinkers who want nothing better than a conclusion "on a note of affirmation" spiced touchingly with a little harmless religiosity. Lowry is too profound for that, his sense of suffering and of raging against the dying of the light is too vivid, his wit is too sharp. In fact the journal ends as it began with Frere Jacques: "Ding dang dong." As if to say: "It tolls for thee."

And perhaps the more obviously "affirmative" stories in this book are less triumphant than the *Panama*. *The Forest Path to the Spring*, the concluding piece which celebrates the nearly mystical happiness of Lowry and his wife in their Vancouver shack, is a wonderfully sustained idyll in a more conventional mode. Yet it seems to lack the intensity, the startling eloquence of the journal.

Lowry was apparently a writer who revised constantly and obsessively until he had brought his work to the pitch almost of lyric poetry, until he had given it that last Jamesian turn of the screw. One has the impression that he had not yet finished with *The Forest Path*. It does, though, contain this striking account of what he believed to be his task as a man and as a writer:

"I have often wondered whether it is not man's ordeal to make his contrition active. Sometimes I had the feeling that I was attacking the past rationally as with a clawbar and hammer, while trying to make it into something else for a supernatural end. In a manner I changed it by changing myself and having changed it found it necessary to pass beyond the pride I felt in my accomplishment, and to accept myself as a fool again . . . Nothing is more humbling than the wreckage of a burned house, the fragments of consumed work. But it is necessary not to take pride in such masterly pieces of damnation either, especially when they have become so nearly universal."

That, surely, is the confession of a heroic temperament.

Of the remaining five stories my own favorite is *Elephant and Colosseum*, possibly because I am myself devoted to elephants, and Lowry writes about them so well. The narrator Cosnahan, another Lowry-self, encounters

in Rome a female elephant whom years before he has himself transported by sea from Bangkok. It is a story about fame and success, and yet what stays in the mind is an elephant called Rosemary . . .

Hear Us O Lord from Heaven Our Dwelling Place, by Malcolm Lowry—*Longmans, Green*—\$5.75.

Grand Illusion

"WHAT WE HAVE to remember always in thinking of a period," writes Julian Symons, author of *The Thirties*, "is that things have quite a different appearance at the time to the artificial historian's neatness that is imposed on them afterwards."

While hindsight may be deceptive, it throws such a blazing light that it is almost impossible to see the past without the special illuminations and distortions it provides. Today, in the light of the Spanish Revolution, the Moscow trials and the Berlin-Moscow pact, the attitudes of the English intelligentsia during the Thirties appear both antic and naive; and with all his good intentions, this, for the most part is the way that Symons sees them.

"The idealism of the young is no more than a jelly of sentiment," he notes, "Infuse this jelly with the germ of an idea and it sets into a Communist or Fascist. In an extreme situation the young turn naturally to extreme solutions."

In England during the Thirties they turned naturally to the left, a direction set largely by Auden, Isherwood and Spender in literature, and by John Strachey in politics. There seems to have been a widespread belief that poetry could be made to civilize politics, while politics could be used to strengthen poetry, with everything leading to catastrophic, but unavoidable breakdown and the reconstruction of society.

Symons examines the various elements of the movement—the poetry groups, the Left Book Club sponsored by Victor Gollancz, the Little Magazines, the Group theatre, even the irresponsible and anarchic Surrealist movement, together with the political and labor groups with which the intelligentsia were rather uncomfortably allied.

It was a movement in which the author himself was more or less involved, so that complete detachment is not altogether possible, a point he rather ruefully recognizes. The result is an informed and entertaining survey, brilliantly spiked with malice. M.L.R.

The Thirties, by Julian Symons—*Ambassador*—\$5.00.

Television

by Mary Lowrey Ross

The Distorting Mirror

"Possibly a case might be made out that children are not human either; but I should not accept it. Agreed that their minds are not just more ignorant and stupider than ours, but differ in kinds of thing (are mad in fact): but one can, by an effort of will and imagination, think like a child at least in a partial degree . . ." Richard Hughes in *The Innocent Voyage*.

WITH THE ABOVE point of view in mind, I recently tried turning on the television set at intervals during the daylight hours, in the hope of discovering, by an effort of will and imagination, how the world of television looked to a six-year-old child.

My survey included two Westerns, a police mystery, a number of cartoons, the *Three Stooges*, *The Verdict is Yours* and *Queen for a Day*, together with the familiar parade of adults fingering bath-towels, testing filter-tips and permanent waves, and agonizing through sinus infection, head cold, acid indigestion and marital infidelity. It was a fair enough cross-section of television entertainment and I was happy to put my hypothetical



Since the human child is fairly tough . . .

six-year-old to bed an hour early and so avoid *Shotgun Slade* and *Wanted, Dead or Alive*.

Fortunately, most adult behavior on television is incomprehensible to small children—(is, in fact *mad*),—and so fails to interest them. But what about the violence and sadism that flourish on the living-room screen and usually approach a pitch in the after-school hours? (My brief survey, for instance included a case of arson, a knifing, and a sequence in which an elderly invalid was tipped out of his wheel-chair by a visiting gunman and subsequently shot in the back.)

The average child, aged three to sixteen, spends one-sixth of his waking time watching television. During the so-called Children's Hours (four to nine p.m.) at least half the programs are given over to various forms of violence—murder, robbery, strangulation, suicide and mob-killings.

Yet the youthful television audience appears to come through these shattering experiences relatively unscathed. The brighter children learn to distinguish between reality and fantasy. The not-so-bright are content to be entertained. Neither group has any suggestion to offer for different or better programs. They simply want more of the program they happen to like.

These, at any rate, are the conclusions arrived at in *Television in the Lives of Our Children*, a study resulting from three years' investigation of television as it affects the lives of children on the North American continent. Granted that the book is written in the stately, and occasionally unintelligible, gobbledygook that seems to be the official language of surveys, and that a survey is, at best, a clumsy tool for dissecting the mind of childhood, the exercise, which involved research on some six thousand children, deserves the attention of concerned and intelligent adults.

For the whole complex study is based on a simple premise that throws the problem straight back into the laps of parents: What television brings to children depends almost entirely on what children themselves bring to television.

If a child is happy in his own



. . . he may slough off the worst violence.

world, television, even at its worst, can do him little harm. But the child whose personal world is neglected or awry is in considerable danger; and parents who seek to avoid disturbance and parental responsibility by turning their child over to the supervision of the television set can expect the disturbance to be transferred to the mind of the child. Television, with its capacity to evoke both daydream and nightmare, is probably the world's worst baby-sitter.

Fortunately, the average human child is a fairly tough product. Given a reasonable degree of confidence in his actual world, he can be trusted to slough off the worst that television's world has to offer. This, it would seem, is the parent's best hope.

For television, as it operates on this continent, is largely automatic, an assembly-line job proceeding from rating to sponsor, sponsor to studio, and studio to audience, and there is relatively little that individual parents can do about the final product. They can establish rigorous supervision, but this is a thankless and endless task, since the living-room set is a Pandora's box that any enterprising child can pry open at will.

They can, more effectively, write letters of protest to sponsors, who are notably sensitive to criticism. The authors of *Television in the Lives of Our Children* strongly urge the latter procedure; but they are even more insistent that the parents' best plan is, "by exercise of will and imagination" to enter into the thinking of their children and provide them with a real world of sympathy and order to displace the world of television they never made.

Do Offences Need Classifying?

by J. D. Morton

CRIME IS, AS USUAL, in the news. In the past, Montreal and Vancouver have had their crime probes. Toronto seems to be about to get its unwelcome turn.

With the holding of the Canadian Congress of Corrections in Toronto last month, Canadian criminals have also been on display.

It is my suggestion that crime and criminals are coming more and more to be the property of a landed class of lay and professional experts. While the opinion of the expert is helpful, and sometimes necessary, in determining an aspect of some subject where common sense would not avail of itself, it must be remembered that neither journalese nor expertise will provide a substitute for common sense. In the face of both, the good citizen must insist upon his own function of thinking about the problems of his society.

Current talk about crime conjures up a picture of black-jowled unbearables sprawled in a cigar-smoke-filled board-room plotting the next major crime wave.

A glance at the program of the Congress of Corrections would suggest that the greater part of those convicted by

Canadian criminal courts are abnormal human beings who need treatment, including perhaps punishment, before they can be returned to society.

How will the thinking citizen react to these pictures?

What are the facts on crime? Is real-life crime substantially, partially, or at all, like crime on TV? Crime statistics for a big city may be of some help in finding an answer. If the boys in the smoke-filled room really typify crime, after all, they are more likely to be found in Toronto than in Porcupine Plains.

An examination of the Toronto Metropolitan Police Statistics for 1959 gives the following bits of useful information.

Some Offences Known in 1959

Motor Vehicle Accidents	22,572
Motor Vehicle Fatalities	103
Murders	16
Attempted Murder	7
Assault, Bodily Harm	1,109

From which it can be reduced that the citizen ran 20 times more risk of being involved in a motor accident than

of being assaulted and seven times more risk of being killed in a motor car accident than of being murdered.

What was the Metropolitan Toronto Police force busy with in 1959? They were catching and prosecuting suspected criminals.

Total prosecuted	258,060
Prosecuted for murder	7
Prosecuted for attempted murder	7
Prosecuted for rape	25
Prosecuted for attempted rape	6
Prosecuted for robbery	300
Prosecuted for breaking and entering	906
Prosecuted for theft	2,917
Prosecuted for fraud	967
Prosecuted for driving while impaired	2,032
Prosecuted under the Liquor Control Act for intoxication	16,428
Prosecuted under the Highway Traffic Act	207,502
Prosecuted for breach of Traffic By-Laws, Municipal	11,975

In other words, out of roughly 258,000 criminal prosecutions arising that year, 238,000 odd were directed not against criminal master-minds but against far more ordinary citizens. It seems that the common picture of the criminal represents only a very small fraction of those who are prosecuted in the criminal courts. The greater part of the canvas would better have been filled with automobiles and bottles than with "hoods" and "gangsters".

The citizen may say, "But there is a difference between these every-day offenders and real criminals". He must be told that the law is not at present blessed with equal perspicacity. Today a crime is a crime is a crime. Sentences may differ but the law has abandoned the once traditional distinction between felonies and misdemeanors.

By what standard should we judge an act which is so dangerous to society as to be prohibited as a crime? Is the standard the amount of damage done to society? If so, we should draw no distinction between the cold-blooded mur-

Real crime bears little relationship to TV, movie make-believes.





Cold-blooded murderer and reckless driver, both killers, are viewed differently by both the public and the law.

derer and the careless driver who kills a pedestrian. As I have pointed out, although sentences may differ, both are simple criminals and, yet, I suggest, there is a vast difference in social attitudes towards the two offences.

The word "heinous" comes from the French for "hatred". I suspect that the crimes we hate the most are those most removed from our daily life — the change in the citizen's attitude towards duelling is perhaps a fair example. When duelling was a common social custom, to kill one's man was not considered heinous.

Death in a duel, like death on the highway was to be deplored but was none the less part of the fabric of society. Is it because of this awareness that we might ourselves commit one of these offences that we become very heated about what seem to be "unfair" laws and law enforcement?

Few, if any, were convicted of murder by duelling; it is still difficult to get a conviction for motor manslaughter. There was and is no public outcry. *And yet we say that we want the police to stamp out crime.* I suggest that what we really mean is that we want the police to stamp out "heinous crime" — in this context what we are referring to is that small part of crime committed by professional or abnormal criminals.

It does not seem to have occurred to us that we might re-categorize crimes into those which are to be stamped out so far as possible, e.g. murder, rape and corruption, and those which appear to be inherent in the type of society we want. Impaired driving could only be eliminated by banishment of either liquor or the automobile from our society.

Most of us are aware of the social pressures which result from the combination of the car-key and the bottle-opener. We believe that impaired driving is a bad thing and want to be controlled in our behavior. However, we

want to keep both the bottle and the car.

Indeed, we do not seem to want to be stopped at police check points to be tested for sobriety. There is a noticeable difference in public attitude towards the roadblock which is erected to stop the fleeing bank-robber.

If I am right in supposing that society does draw a line between the "There but for the grace of God go I" type of offence and the "Thank God, I'm not like that" offence then it would seem only fair that the law should reflect the distinction. At the moment there appears to be an ambivalence in society's attitude towards crime and law enforcement — there is a demand for the stamping out of "heinous" crime coupled with an insistence that law enforcement agencies apply only the techniques applicable to the regulation of what I would call "social crime".

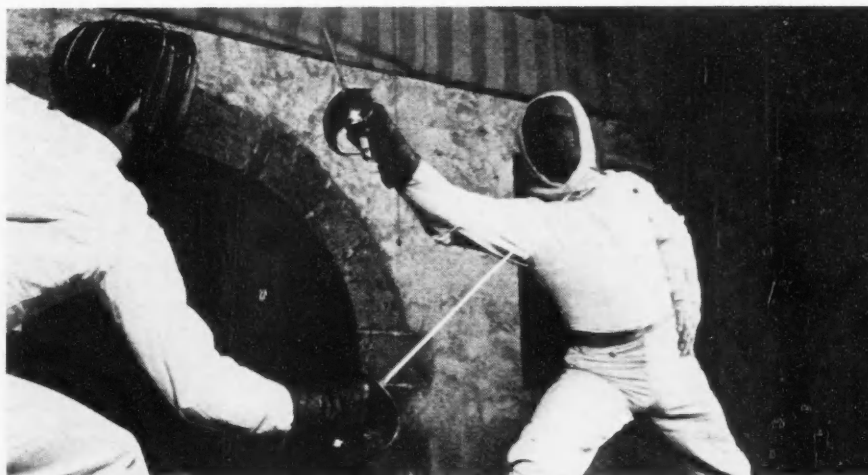
This may be what the typical police officer complains about when he says that *they* send us out to catch criminals with one hand tied behind our backs. If we want the police to catch all heinous criminals and the courts to con-

vict them, we must be prepared to untie the police officer's other hand and to favor the prosecution to a greater extent in criminal cases of a heinous nature.

Civil liberties of all citizens, criminal and law-abiding alike, are presently secured at the expense of the inability of police and prosecution to catch and convict all heinous criminals. Complete enforcement can only come at the expense of civil liberties.

The nearest we could come to having things both ways would be to introduce a distinction between methods of enforcement and prosecution in cases of heinous or anti-social crime and that other class of offence which is socially inherent in our society and of which we are far more tolerant.

This distinction is already observed to some extent in the disposition of convicted criminals. Look back to the earlier comparison of the cold-blooded murderer and the merely careless driver who kills a pedestrian. Each has taken an innocent life yet under our existing law one may have to give his life, the other his licence, in exchange.



Duelling was once a part of the fabric of society, deplored but tolerated.

Chess

by D. M. LeDain

THE FASCINATION of chess-by-mail has to be experienced to be appreciated. The Canadian Correspondence Chess Association is the official organization here for postcard play and provides a diverse program suitable to the interests of all, from beginner to expert. A rating system is maintained and a monthly bulletin keeps members informed. Full details as to membership can be obtained from Secretary, J. F. Cleeve, Box 527, Fernie, B.C.

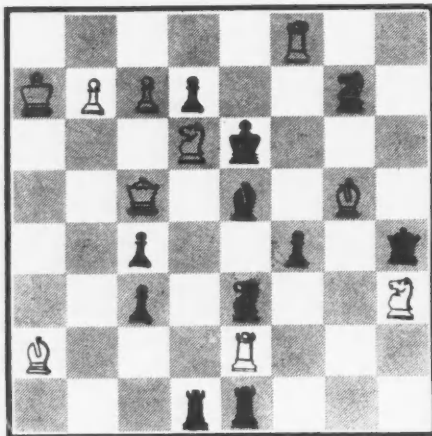
White: A. M. Fraser, Black: A. Marchand, (CCCA Minor Ty.).

1. P-Q4, Kt-KB3; 2. P-QB4, P-KKt3; 3. Kt-QB3, B-Kt2; 4. P-K4, P-Q3; 5. Kt-KB3, Castles; 6. B-K2, P-K4; 7. Castles, Kt-B3; 8. P-Q5, Kt-K2; 9. P-QKt4, P-QR4; 10. P-Kt5, Kt-R4; 11. R-K1, P-KB4; 12. Kt-Kt5, Kt-KB3; 13. P-B5, QPXP; 14. B-QB4!, K-R1; 15. PxP, BxP; 16. RxP, KKtXP; 17. Q-K1!, KtxKt; 18. RxKt,

Kt-K5; 19. RxB!, KxR; 20. KtxKt, BxKt; 21. B-Kt2ch, K-R3; 22. QxB, Resigns.

Solution of Problem No. 272 (Sheppard), Key, 1.B-Kt6.

Problem No. 273 by A. Mari.
White mates in two moves. (10+11)



Puzzler

by J. A. H. Hunter

"A FRACTION'S A NUMBER, Dad, isn't it?" asked Peter, as Tom entered the room. "Sam says it isn't."

Their father considered the question a moment. "Well, I guess you'd call it a number," he replied. "What's the point?"

"He bet me a quarter that I wouldn't find a number whose square is fifteen more than one square and also fifteen less than another square," declared the boy. "And I figure I won the bet."

"It sounds unlikely to me, even with fractions," Tom laughed. "Let's see this amazing number then."

Peter wrote his find on a piece of paper, and his father had to admit that it complied exactly with the terms of the bet.

What was that number?

Thanks for an idea, to: W. A. Robb, Ottawa.

Answer on Page 44.

(155)

We Would Have Words With You!

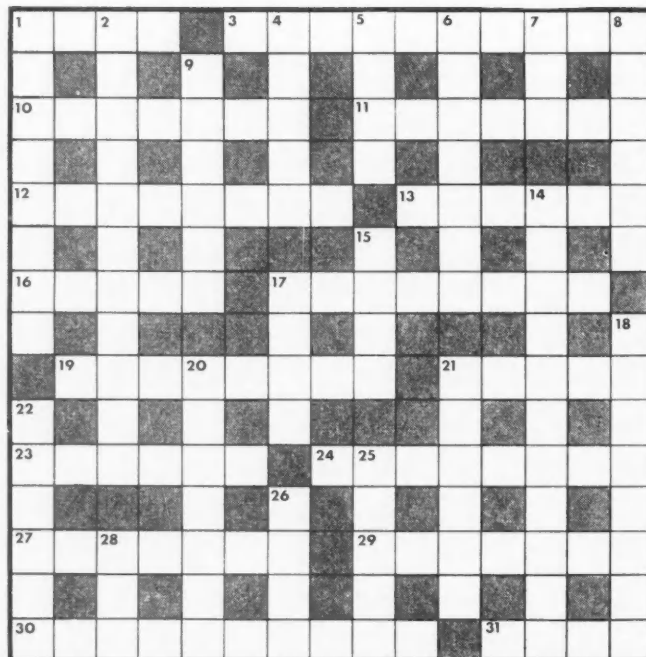
by Louis and Dorothy Crerar

ACROSS

- 1 A large number of Romans help her. (4)
- 3 Like the faithful compositor? (4, 2, 4)
- 10 You'll find it in the bite of some insects, notwithstanding. (7)
- 11 There's no ants in diaper pants, so return them without further charge. (7)
- 12 Let a thousand in unasked, and show them up for what they are. (8)
- 13 Last word spoken in prayer by a saint. (6)
- 16 Does the whirling Dervish ever feel so frivolous? (5)
- 17 Call after another to nominate Japanese liquor. (8)
- 19 These substitutes will not be employed unless there are openings. (4-4)
- 21 The crab, in turn, will have nothing to do with this reptile. (5)
- 23 When an assertive statement is made, his presence is required. (6)
- 24 Yet a negro could tell one! (5, 3)
- 27 Not Chile, but sounds even colder. (7)
- 29 Fish fork? (7)
- 30 Speech! Speech! (6, 4)
- 31 Though dead, he still calls you to the 'phone. (4)

DOWN

- 1 Lady magistrate? We hope she won't! (8)
- 2 I'd appear to be among close friends, yet it scares me. (11)
- 4 "O, what a . . . and peasant slave am I!" (Hamlet) (5)
- 5 The spy is executed in France, I see. (4)
- 6 Mourning becomes his sister, according to O'Neill. (7)
- 7 Nine months? Yes! (3)
- 8 Thinning and fattening both do this in common. (6)
- 9 For certain creatures this should be a home away from home—well away! (6)
- 14 When changed, a live bee will. (4-7)
- 15 Andy's companion made a most auspicious beginning. (4)
- 17 Ha! On its back you'll find him! (4)
- 18 The cost of hiring father? (8)
- 20 Pa has liver trouble. It appears to be prevalent. (7)
- 21 A bite from pussy may give one a mint of pleasure. (6)
- 22 United may be contrary to this. (6)
- 25 One can't say the appearance of this building is not so hot. (5)
- 26 An approach of mine to a column of figures? (4)
- 28 Australian native in "The Music Man". (3)



Solution to last puzzle

ACROSS

- 1 Man overboard
- 9 Apartheid
- 10 Lager
- 11 Modiste
- 12 Undated
- 13 Brush
- 15 Stoppage
- 19 Old timer
- 21 Jacks
- 25 Toy shop
- 27 Albania

DOWN

- 29 Grill
- 30 See 24
- 31 Relationship
- 1 Meander
- 2 Notes
- 3 Veered
- 4 Redoubts
- 5 Oiled
- 6 Regatta
- 7 Balmy

8 Bridges

- 14 Ski
- 16 Pea
- 17 Postage
- 18 Respighi
- 20 Daytime
- 22 Kinship
- 23 Maiden
- 24, 30 Fairy godmother
- 26 Halma
- 28 Broth (522)



Aerial view of Downtown Toronto. Supply of income producing real estate cannot be elastic.

Real Estate Securities:

New Promotions Hide Some Old Dangers

by R. G. Lillie

SPECULATION IN LAND has been a feature of Canadian finance from our earliest recorded history. Contrary to much current propaganda, a great deal of this activity has been carried out by public companies of one sort or another. Perhaps because the performance has failed to match the promise, the increasingly strident promoters for public property investment companies choose to ignore the past. But the investor should not.

The *Survey of Corporate Securities* was first published by *The Financial Post* in 1927, and contained a section devoted to real estate securities. Editorial comment in the first volume referred to this type of security as "a development of modern-day finance" which indicates that the promoters of those days also felt that they had hold of a brand-new idea.

While the editor spoke very favorably of the possibility of high yield and the security afforded by these issues, he was by no means swept off his feet by their prospects, and included in his remarks some sound observations on the necessity for conservative appraisal and conservative ratio of fixed debt to total valuation. He particularly pointed out the necessity of substantial equity to ensure careful management of real estate companies.

In the 1927 *Survey* there were 64

companies listed, all of which offered bonds and most of which also offered common and preferred shares. Most of the bonds carried a seven per cent rate and the terms varied from 15 to 25 years. Of the 64 issues, 24 were secured by apartment houses, 18 by office buildings, nine by hotels, three by housing estates and development companies, and three for parking garages. There were two clubs, two stores, two industrial buildings and one holiday resort. One of these issues had been offered in 1912, one in 1920, two in 1921, four in 1922, nine in 1923, eight in 1924, 13 in 1925, 21 in 1926, and five in 1927.

In the 1928 *Survey* there were 88 issues. By 1931 there was a total of 119, which was apparently the high point. From 1928 on, the editorial comment tends away from optimism, and emphasizes the great need for careful selection and continuing vigilance by the investor. In 1930 the editor particularly remarked on the problem caused by lack of marketability of real estate bonds and stated forthrightly "Many offerings have been made to the public based on appraisal values that have been far from sound."

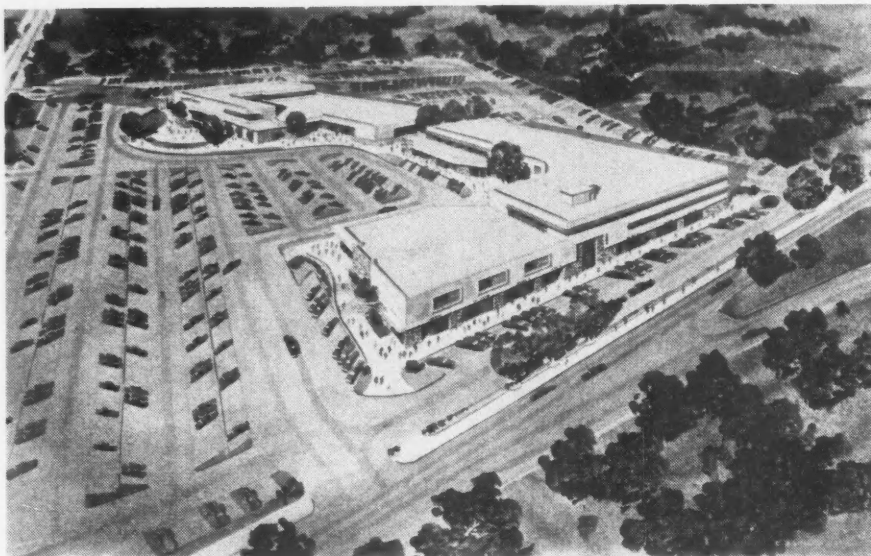
After 1931 the *Survey* ceased the practice of including editorial comment. The real estate issues were not, of course, the only class of security which

was showing weakness in those troubled times and one can imagine the increasing difficulty of composing comment of other than unrelieved pessimism.

In 1933, we find a tabulation of 88 issues, of which 54 were in trouble of some kind — defaults on interest, principal or sinking fund payments, arrears of taxes and the like. Quite a number of the companies had undergone reorganization and perhaps because of this there was a wide variety of securities listed — besides common stock and a generous selection of various kinds of preferred stock there were first mortgage bonds, second mortgage bonds, leasehold bonds, participating bonds, just plain bonds and debentures.

In 1935, 80 issues out of 95 listed were in difficulty; in 1937, 89 out of 102; and in 1940, out of a total of 102, only 11 issues were apparently free of difficulty. Several of the 11 trouble-free issues were realty bonds issued by successful companies (Eaton's, Ogilvy's, etc.) against their own properties. The real security behind these issues was, of course, the earning power of the company itself and not merely the real estate.

The investment in the issues which had difficulty was not just lost; during and after the war most of the bond- and stock-holders committees would



There exists a long-term need for more apartments, hotels, shopping centres.

have been able to salvage some proportion of the investment.

After 1940 the *Survey* no longer maintained a separate section for these securities.

The above brief history, admittedly a casual examination and not a thoroughly documented analysis, shows that it is not correct to say that Canadians have not been exposed to public issues of real estate securities. The *Financial Post* estimated that in 1928 some 50 million dollars had been invested in these, and probably the total eventually came close to 100 million.

The total value of residential real estate alone (excluding agricultural, commercial and industrial real estate) is estimated at more than five and one half billion dollars in 1928, so it is obvious that the capital investment in property provided in the form of public issues was relatively quite small.

But one might feel that it was large enough to serve as a test of the technique, and that the test showed that there was no easy magic for investors provided by corporate capital and management. It is only a guess, but I feel a fairly safe one, that this small segment of the total investment in property must have suffered more severely than the non-corporate investment represented by ordinary equities and mortgages.

Incidentally, this sad history appears to parallel the U.S. experience exactly. For example, in 1934, only 14 issues out of 250 floated in Chicago had not defaulted.

In the light of these past events the current promotions take on special interest. In 1960 the *Financial Post Survey of Industrials* is once again devoting a special compartment to "property development securities", just 20 years after its earlier special section was

dropped. Twenty years, as it happens, is approximately the length generally attributed to the long-term real estate cycle. A U.S. economist has expressed the opinion that one of the classic signs of the top of a boom is the issuance, and acceptance by the public, of real estate securities.

It would be very easy, and I think quite wrong, to be tempted by such considerations to fear that real estate history is about to repeat itself. It would be far beyond the scope of this article to attempt to analyse the important differences between the real estate situation of the 20s and the real estate situation today, let alone the differences in the economy of which real estate is only a part. There are enough obvious differences to make it apparent at once that revival of promotion of public real estate issues cannot be expanded into a major indicator of what may lie ahead.

But even so it is, in its proper perspective, an interesting phenomenon which will repay observation.

In essence, what happened in the 20s was that land was developed and buildings of all types constructed not, probably, ahead of need, but certainly ahead of effective demand. The result was that the real estate could not earn enough to pay for the investment which it represented.

This was quite as true in the case of a single shop, owned outright without encumbrance by an individual, as it was in the case of an office building owned by a real estate corporation. But the individual with full equity had some room to adjust to the reduced income. In the simplest case, if his property would yield enough to pay its taxes and minimum maintenance and to let him eat, he could forego the return on his investment. There was no leverage working against him.

At the other end of the scale, the case of the property with small equity and heavy mortgage or bond debt, even a relatively small diminution of income would cut off any return on the equity, and a slightly more serious fall would impair the yield to mortgagors or bondholders. Leverage worked against the equity holders, and in a particularly unpleasant way.

If the income of a producing venture, say a factory, is curtailed it is often possible in one way or another to reduce costs so that net income is not reduced in exact proportion to gross income. Staff can be reduced perhaps, cost of raw materials may fall, various economies may be effected. But such savings will rarely be possible in income-producing real estate. Maintenance cannot be reduced in the face of competition for tenants. Taxes may very well rise rather than fall.

In general, no important economies can be used to preserve net income. The leverage effect is always there to be applied against under-capitalized properties, and yet because of the nature of real estate income, leverage rarely works markedly to the advantage of equity holders even in good times. It would seem that real estate income ventures with small equities have inherent adverse leverages.

This is of course true whether the large fixed debt is in the form of ordinary mortgage paper or in the form of corporation bonds. But there is reason to suppose that mortgage lenders as a class would not tender to suffer under adverse conditions as much as holders of real estate bonds. The timing of the investment is important. In the 20s the corporate companies came late into the real estate market.

There had been a great many sound real estate investments made in the 20s and institutional and individual lenders would have accumulated large or small portfolios spread fairly evenly, perhaps, over the decade. During the decade the cost of land and of construction rose markedly and obviously the earlier in the decade a property was completed, the less it cost, and the less it cost, the more cushion it had to adverse conditions.

The bulk of public issues was floated after 1925, and the bulk of building with the proceeds would have been done in the last four years of the decade. Therefore, properties financed by public issue would probably have tended to be high-cost properties.

This tendency towards high cost would also have been exaggerated by the corporate form of the effort. In general, knowledgeable individuals, partnerships or private companies would have shown more expertise in the selection and purchase of land and

in the design and construction of buildings than the looser and more impersonal public company.

It must have been true then, as now, that a company director cannot always regard shareholders' and bondholders' money with exactly the same careful affection as he regards his own investment funds. It isn't in human nature.

These considerations would apply to some extent at least to genuine and efficient companies with careful and responsible officers; they would apply in very marked degree to any companies with unskilled officers, or in cases where the real purpose of the formation of the company was to have stock holders take property off the hands of promoters at inflated prices.

The individual or institutional mortgage lender was also in a better position to evaluate his risk than was the purchaser of real estate bonds. The problem in appraising income producing real estate lies in estimating future income and expenses and selecting a proper capitalization rate for the net.

This requires great nicety of judgment and is more difficult than the appraisal of reproduction cost or of market value by comparison. The individual or institutional lender could make an appraisal independently of the owner, and could negotiate for a mutually satisfactory amount of loan. The buyer of real estate bonds had to accept a valuation and level of loan already established.

This was not very important if the bonds were backed by the general credit of a high-grade company which was using the property itself; but was very important if the sole security for the bond rested on what the property itself could earn.

Another point is marketability. The private or institutional lender would normally be deliberately making a long-term investment, and could to some extent manage to live with default either by postponing his expectation of return or by foreclosing and taking possession of the property. But the man who invested in realty bonds was entitled to expect a reasonably ready market if he wanted to dispose of the investment.

One of the main justifications of the technique of financing by public issue is that small investors are able to contribute small amounts of capital, on the tacit understanding that the investment is reasonably liquid. When no market can be maintained the investor has been let down.

Turning now to the issues that we might expect in the 60s, it is hard to see any factors which indicate that the fundamental difficulties outlined above will be eliminated. The timing will be late. Building costs have risen during the 40s and 50s and land costs have risen even more. There cannot be much

land available in Canada whose price does not already include an optimistic discounting of possible future earning power.

Sober estimates of the growth of the economy indicate that there will be a continuing long-term need for more houses, more apartments, more hotels, more office buildings, more shopping centres, and more factories. But there are many signs that the effective demand for these facilities will not be on a steadily rising curve at ever increasing rents.

There are always limits to prices and rents; these limits usually cannot be exactly defined until after the event, but the approach to a limit should be discernible. A simple example is the price of single-family dwellings. There used to be a rough rule of thumb that a man could afford to pay as much as two years' income for a house in which to live. Perhaps with long-term amortizing mortgage financing and other considerations this ratio of price to personal income can be extended to as much as two and one-half times income.

But the ratio cannot be indefinitely extended and therefore if incomes do not keep rising, house prices cannot keep rising. Similarly with commercial and industrial space; companies cannot pay ever-increasing prices or rents for manufacturing, selling, or office accommodation unless their earnings rise in proportion.

The supply of income producing real estate cannot be elastic. Because of its nature it cannot come on to the market quickly, nor can it be taken off the market. Therefore the supply cannot be kept neatly tailored to current effective demand and adjustment but will have to take place from time to time. This is so because the properties cannot be removed from the market, and because they need a constant flow of income to meet even minimal requirements such as taxes. Harmful competition can easily arise.

The public already has a very high investment in real estate, directly in the form of equity and private mortgage loans, and indirectly through the mortgage investments of the great institutional lenders. There is a further even more indirect public investment in real estate in the form of stock and bonds of ordinary companies, all of which include some real estate among their assets.

All of this is a necessary thing, and this large public investment can best be maintained in a healthy condition by eliminating so far as possible the wide fluctuation in prices and rents which have taken place in the past. If the speculative element which has exaggerated the cycles of the past can be diminished, so much the better.

Temporary oversupply has resulted in office space looking for tenants.

A cursory examination of some of the real estate issues now available to the public gives the impression that as a class they can fairly be regarded as being on the speculative fringe. One large hotel company, formed in 1955, has already had to defer its sinking fund payment schedule. Another more diversified company had the distinction of being named as Toronto's largest tax defaulter last year. A third has apparently undergone what might be considered a voluntary re-organization with a change of directors and a large injection of U.S. capital which, one would think, must have had the effect of diluting the original shareholders' equity.

These remarks do not constitute serious security analysis and it may be that any of these issues will, in the event, prove to be marvellous investments. Perhaps the difficulties are just teething troubles. But the intending investor should look carefully.

Indication of temporary oversupply of certain kinds of real estate in certain locations is not hard to find. The ready market for single-family dwellings has fallen off somewhat. Office space is available in quantity in most cities. In certain areas modern industrial space is begging for tenants.

There are even signs that some of the glamorous shopping centres have been wrongly established in time and in some cases in place. The effective demand for all types of real estate is very much more selective than it was just a few years ago.

In the face of this, new public companies at this stage will have to tend to be on the speculative end — whether they intend to buy and develop land at today's high prices, or whether they intend to pay today's prices for existing properties.

If such companies succeed in bringing important amounts of new funds into the real estate market, the possibility of maintaining stability in the market will be decreased, perhaps quite out of proportion to the amount of new money thus introduced.



Insurance

by William Sclater

For Salesmen

Would there be any legal liability requiring a business concern, such as a bond and investment company, to provide for a salesman's dependents if he was killed in a car accident while travelling on company business? Our insurance agent has recommended we purchase coverage against such a contingency and also to cover our legal liability in case of action taken against us even though we do not own the autos used by our salesmen and executives and they sometimes hire cars.—J.B., Hamilton.

There is no legal liability but you do have a moral obligation and accident insurance is not expensive.

It provides indemnity for loss of life, disablement through loss of limbs, and for loss of time as a consequence of accidental injury. Surgical - medical - hospital - nursing expenses can be included and it can be written in conjunction with sickness insurance if so desired. It does provide protection for a salesman's wife and children in the event he suffers accidental death or injury.

A recent example in Ontario is of an executive whose company took out \$50,000 coverage under a group accident plan just one week before he was killed in an auto accident on the highway while travelling on company business. His wife got the \$50,000 which will be of great help to her and her two children in these circumstances.

While it may be applied in various ways, the principal purpose of non-owned auto coverage is to protect business concerns against liability to the public at large which may ensue from employees or agents using their own cars on the company business. The coverage is, of course, excess over other insurance which may be carried on the auto.

Incidentally there are three points about the new auto policy, effective in all provinces except Quebec, which should be noted in this respect. Omission of the words "hired or leased" in the "Drive Other Autos" section automatically includes "drive yourself" cars in the coverage.

A new exclusion deletes autos owned, hired or leased by an employer of the

insured or member of the household, this being coverage that is, or should be, granted by the employer's insurers. A new proviso limits coverage to non-owned autos being used with the consent of the owner thereof—to eliminate possibility of the owner's policy covering a stolen car.

Vet's Auto Cover

I am told there is a low-cost veteran's auto accident policy available. Could you give me any information about the cost and conditions and tell me if this is good insurance coverage?—1st Div., Rosedale.

Yes, comrade, the Canadian Legion has a \$3-a-year, auto accident policy available to veterans and members of their families regardless of age. This gives insurance protection in a principal sum of \$1,500 in the event the policyholder is killed by accident while driving or riding in a passenger auto. It also applies if he is knocked down and killed or injured by an auto while he is a pedestrian.

An amount up to \$500 is also included for medical-surgical-hospital expenses in the event of such accident. But the policy does not apply to a holder killed or injured while driving or riding in a bus or truck. Contact the Canadian Legion for full particulars. They report good claims experience and general satisfaction with the coverage provided.

Travel Hazards

What do insurance figures reveal as the most hazardous form of public transport . . . is it air transport and where do railroads fit in?—N.T., Toronto.

For 1958, the latest year for which complete figures are available, the statistics show that you are five times safer travelling by air on scheduled airline routes than you are when you travel by bus or auto, whether self-driven or taxi. The odds in your favor of arriving safely at your destination by air are 350,000 to 1.

Trains are even safer. While the margin between air and train travel is very small, you still travel farther, more safely, when you stay on the rails.

Who Sells Most?

You mentioned in a recent article that Canadian life insurance companies sell a substantial volume of business in the U.S. Should you not reveal that U.S. life insurance companies sell a much larger volume of business to Canadians?—L.M., Sarnia.

Not according to the insurance figures in New York and Toronto. Some 13 Canadian life companies sell \$236 million to citizens south of the border while 40 U.S. companies sell \$218 million to citizens north of the border.

In figures we lead but I am reminded of the former head of the Bureau of Statistics who often remarked that figures can't lie but some people can figure. In percentage the take of the 40 U.S. companies from our 18 million people is higher than the percentage our 13 companies take from their much larger 200 million U.S. sales target.

More Than Group

I am a young man in my late 20's, married and with two children. I have \$20,000 life insurance through participation in two group life insurance plans which will protect me until 65. An agent tells me this is inadequate protection. What do you think? My salary is \$6,000 a year.—D.M., Edmonton.

I would suggest you listen to that agent some more. You have very good insurance protection against death, provided it happens before you are 65 and also provided a great many other things do not happen between now and then, in the 36-odd intervening years. As old R.B. reminded the world in verse, the best-laid plans of mice and men are subject to unexpected contingencies.

Many such hazards beset the difficult course of life for most of us. War, illness, accident, depression, fire, flood, divorce, being fired from your job are just a few of the hazards. And who knows what a single day will bring forth, let alone 36 years? Do you expect to live on handouts from the kids and the government pension in the years that come after 65 when these group policies expire, even if you still have them by then.

Keep them by all means, if you can, but in the meantime consult a good life insurance underwriter and start to build up a proper estate that will have real values for your living for tomorrow and will make you solvent, with your insurance paid up and good provision for your older years when you reach 65. You'll need it. The big figures of group coverage against death are a siren song to many but not for life.

JUNE 1961
125.3

MAY 1961 125.1

JUNE 1960 124.9

105

110

115

120

125

130

Indicator Table	Unit	Latest Month	Previous Month	Year Ago
Index of Industrial Production SA	1949=100	165.3	166.0	171.7
Index of Manufacturing Production SA	1949=100	147.2	147.4	153.0
Retail Trade	\$ millions	1,316	1,105	1,279
Total Labor Income SA	\$ millions	1,567	1,564	1,531
Consumer Price Index	1949=100	129.1	129.1	127.5
Wholesale Price Index of Industrial Raw Materials	1935-39 = 100	242.2	240.1	241.7
Manufacturers' Inventories, Owned SA	\$ millions	4,253	4,256	4,218
Unfilled Orders in Manufacturing SA	\$ millions	1,966	1,972	2,179
Manufacturers' Shipments SA	\$ millions	1,814	1,923	1,959
Steel Ingot Production	'000 tons	551	555	505
Cheques Cashied, 51 Centres	\$ millions	24,906	22,181	22,754
Housing starts in municipalities of 5,000 and over—S.A. at annual rates	'000	110.2	119.2	69.0
Hours Worked in Manufacturing SA	per week	40.4	40.4	40.6
Index of Common Stock Prices	1935-39 = 100	304.8	294.6	248.8
Exports	\$ millions	438	372	440
Imports	\$ millions	462	396	479

SA = seasonally adjusted figures.

Most of latest month figures are preliminary ones.

IF YOU ARE looking for sharp economic swings shortly, you will probably be disappointed.

It has been a hard uphill battle in recent months but we are moving forward. The slowness of the upturn is caused, in part, by a radically different economic climate in many parts of the world from that of a decade ago. This world-wide upsurge is not a temporary swing; it is part of the new world in which we have to operate. We are no longer one of the outstanding industrial nations.

We are dealing today with a bigger, faster-moving league of business nations and the sooner we learn that the better. Economic segregation is dead. Understanding in a practical way how to operate in the new league is the key to our future prosperity.

Now that that has been said, let's look at some of the figures. We see that generally speaking we are moving slowly forward and it appears that there is some momentum developing. We should move up somewhat faster in the coming months.

Notice however, how far behind manufacturing industries are, compared to one year ago. Growth in employment recently has been mainly in construction and services, only a little in manufacturing.

You can see this latter a little clearer now that the new seasonally adjusted figures for manufacturing are being used in the table for the first time. These allow for direct month-by-month comparisons. New figures this month are for shipments in manufacturing industries (we didn't use any kind of shipment figures at all previously); in manufacturers' inventories, owned (old figures were for raw inventory totals, whether owned or only held by the manufacturers); and in unfilled orders (we used seasonally adjusted new orders before).

All of the new figures show that manufacturers do not have anything like full order books at the present time. However, the high rate of steel production in recent months is a good omen for the future, even though you can't eat omens. If this makes you somewhat sad remember that

the SN Index, which is now above 125, was hitting around 121 not many months ago.

Unemployment figures show that this situation has improved quite a bit since the winter. This, of course, is to be expected but the improvement was more than seasonal this year. Our seasonally adjusted percentage of unemployed (compared to total work force) has come down a bit these past months, though the figure of over seven per cent is still far too high.

Between March and April employment went up 170,000 while unemployment dropped by 83,000. A big new group entered the work force in that period. Total employment is now 111,000 above the year-ago figure with working women tipping the scales that way. Some 129,000 more women are at work this year, while 18,000 fewer males are employed. This change is due in large part to the eight per cent gain in employment in our service industries over the past 12 months.

—by Maurice Hecht

(Saturday Night's Business Index is a compilation of statistical factors bearing, generally, on Canada's gross national product. It is designed to reflect pace of economic activity. The base 100 is drawn from 1955 data).

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Varying Views

A broker has advised selling Steel of Canada and buying Dominion Foundries in its place, also purchasing Traders Finance rather than Industrial Acceptance Corp. Which of these stocks has the best prospects for the long pull? —D. F., Dundalk, Ont.

The question is not only which stock has the best prospects but what one has to pay for these prospects. We try to avoid preferential ratings but would concede that Steel of Canada appears to win the edge by reason of its size relative to the industry, its high degree in finished products, and its ownership of iron-ore resources. Dominion is the only one of the country's basic-steel companies not in the iron-mining business, although it plans to acquire ore ranges.

The character of the financing business precludes a preferential rating of Traders and Industrial. Traders has recently added a new string to its bow in a 20% interest in a flourishing trust company.

Doubtless your broker has reasons for his opinion but remember it's only an opinion. And don't be surprised if one of his associates is holding entirely opposite views. You could walk into 20 brokers' offices and come out with 40 different recommendations.

For Income

My circumstances compel a switch from growth to income-producing investments. Would you list some you think would be satisfactory?—L. G., Sackville, N.B.

If safety is the paramount consideration, you should buy bonds: high-grade corporations yielding about 6%, or government bonds—such as Province of New Brunswick—yielding somewhat less than corporation bonds. Because income tax is applied to interest, your tax bracket will be a consideration. If you pay little or no income tax, then bonds are clearly indicated.

But if you pay income tax, say in a 20% bracket, you could consider preferred stocks since dividends on shares of Canadian domestic companies enjoy

a 20% tax credit. This means a 6% preferred bought at par gives you an effective yield of about 6% whereas a 6% bond coupon would be subject to your 20% tax rate.

Two well-secured preferreds yielding upwards of 6% are General Steel Wares 5% preferred selling in the low 80's and P. L. Robertson \$1.20 preferred, selling under 20. Others can be found, and we suggest you have your broker dig them out.

A year or two back we could have recommended some common stocks as a partial answer to your problem. The market advance has, however, inflated prices and there are now few choice situations selling at realistic prices. One which we can recommend is Intercity Gas units, selling around \$735. A unit consists of \$500 6% debenture and 40 shares of common. Growth prospects are not uninteresting and the yield of the unit (the common does not pay a dividend) is of the order of 4%. This is to be considered as a speculation.

Base Metals

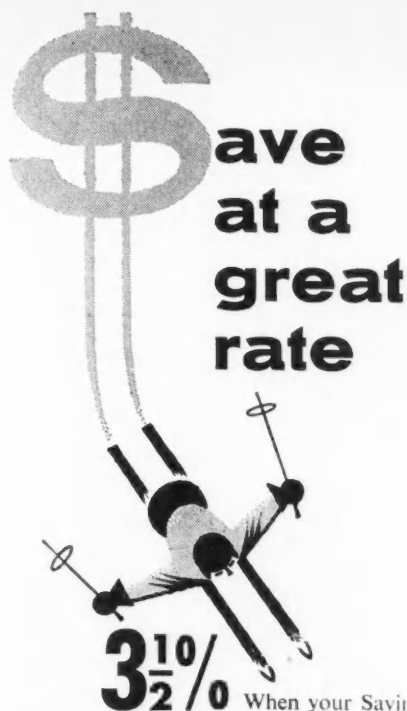
What are the future prospects of the base metal companies? What do you recommend?—L. J., Ottawa.

The base-metal group is usually considered as comprising the companies mining and refining lead, zinc, copper and nickel, although technically it could include aluminum and steel.

This country is an important producer of lead, zinc, copper and nickel, and ore reserves of these metals will sustain mining and refinery operations for decades. For this reason shares in the metal firms have a strong appeal as a hedge against inflation. Nothing is calculated to increase more rapidly in value under inflation than ore in the ground.

Of the four metals, nickel appears to be in the strongest market position, but this does not necessarily mean we recommend shares of the nickel companies. These have had huge advances the last year or two and are considerably discounting future developments.

The outlook for lead and zinc is obscure, but in spite of that we recommend Cons. Mining & Smelting (lead-



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zinc) and Hudson Bay Mining & Smelting (zinc-copper). Both provide interesting yields.

Lead and zinc are members of the trinity group, the third metal in which is copper. Copper's future is not to be taken for granted but appears to be sound, and the copper companies now appear to be emerging from a long period of resting on their laurels and entering a phase of aggressive sales promotion, which could take the red metal to the forefront.

Our recommendation in copper is Noranda Mines, the position of which is becoming more important as a result of its recent purchase from Bridgeport Brass of that portion of the copper-milling subsidiary not already vested in Noranda.

Mutual Switching

I have some Investors Mutual shares and also Investors Growth Fund, and I was wondering if there was another mutual fund that will bring me in a better return than these. Are these two funds performing above average and are there investment funds that bring a better return without a higher degree of fluctuation?—B. R., Penticton.

Switching from one mutual fund to another is impractical because of the necessity of selling on the bid price and buying on the offering price, usually 7% to 8% spread. We have studiously disregarded comparative dividends and market performances of the funds on the ground that past records are not a criterion of the future.

Thus we are unable to say how the dividends and market swings of IM and IGF compare with each other or with other funds. Both should perform at least to the average of the funds industry on the earnings and appreciation front. Appreciation in any of the funds is dependent on the performance of their holdings, and the Canadian funds have tended to concentrate to some extent on the same quality of stocks.

Three Speculations

Which of the three following do you consider the best buy: Kerr-Addison, Corby's A or Montreal Locomotive?—C. B., Toronto.

This is a loaded question since a boost for one stock is in effect a knock for the other two. Additionally, you say nothing about your investment goals. All three issues are to be regarded as speculative.

Kerr-Addison is an important gold mine, but depth results have been disappointing. The possibility of improve-



Is your portfolio balanced?

Trends in the bond and stock market have an important bearing on the proper balance of any portfolio. But changes in your personal requirements, and the kind of balance you need in the light of these changes, can be of equal importance.

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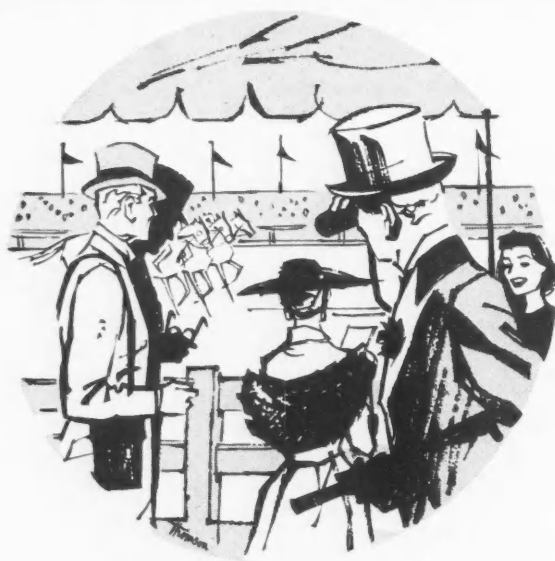
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NOTICE OF 309th DIVIDEND

A quarterly dividend of fifty-five cents per share has been declared payable on the 15th day of July, 1961 to shareholders of record at the close of business on the 15th day of June, 1961.

Montreal,
May 25,
1961

S. C. SCADDING,
Secretary



Saturday Night

covers the broad field of
the modern Canadian bus-
iness and professional
man's interests, both in
economics and in interna-
tional affairs.

ment is, however, not to be overlooked and exploration is being pushed to this end. In the meantime ore reserves will sustain the operation for some years. Market valuation takes into account a strong financial position, and the company's association with the Noranda group has bullish implications.

The outlook for the distilling industry is bright but Corby's is a subsidiary of Walkers, and we would reject it in favor of a purchase of the parent company, which would let the investor participate indirectly in Corby's.

Montreal Locomotive Works is a highly cyclical industry, the future prospects of which are largely dependent upon substantial railway-equipment purchases by the Canadian roads in the years ahead. This makes the stock extremely susceptible to market fluctuations, and this is intensified by reason of the technical scarcity induced by Montreal Locomotive being controlled by another company.

United Keno Hill

What do you think of United Keno Hill in the light of prospects for the world market for silver?—M.J., Montreal.

There is as yet no effective shortage of silver and expectations of better prices, although widespread, are being qualified. World factors in the metal look for higher levels ultimately, and some speculators are interpreting this as meaning the near future.

Applications of silver for military and civilian purposes continue to grow, offsetting a decline in some established uses. But there is no need for concern about the availability of sufficient silver for industry's requirements.

Canada is an important producer of silver, the bulk of her output being obtained in conjunction with working base-metal ores. There is very little production exclusively from silver mines, although output from this source could be stimulated if the price firmed.

We would prefer to look at United Keno against a background of actual rather than anticipated silver prices. The company has several mines under development in the Yukon, and the character of results has won for the shares a strong following. The market price incorporates healthy expectations for the company and reflects the current scarcity of good quality issues in Canada.

Since the dividend is only 40 cents a share and yield is on the low side for a mining issue, one should not be surprised if the issue displayed sensitivity

to interest rates. Purchase for speculative investment might be considered on a recession.

American Growth

I am contemplating participation in a mutual fund, and have become very interested in American Growth Fund. What, in your opinion, is the long-term outlook for this fund, particularly in view of the attitude of our government in encouraging a higher percentage of investment in Canadian securities?—F. D., London.

American Growth Fund is an open-end or mutual-fund investment company based upon holdings of American securities selected in the hope of growth. AGF is a Canadian domestic corporation and dividends it pays enjoy the 20% income tax credit in this country. The stock may be purchased directly from its distributors at portfolio value plus the usual loading charge, or may be bought through your own broker, who can buy it from the distributors or try to pick it up on the used-stock or street market.

A prognostication as to the future of AGF would require a study of the various companies it is holding, and this is something we will pass up since our columns are confined to interpreting domestic companies for this country's investors. It is difficult to see how the long-range outlook for AGF will be influenced by the attitude of our government in encouraging ownership of Canadian equities.

Why not look at some of mutual funds based on Canadian equities?

In Brief

How is Basalt Bay Mines doing?—C. H., Toronto.

Inactive, but retains original claims in Saskatchewan.

What is the outlook for Inspiration Mining?—B. F., Montreal.

Dependent on pace of domestic and foreign mining markets for both manufactured products and contract work.

Any change in Mining Corp's investment portfolio?—R. V., Niagara Falls.
Nothing to speak of.

What is the status of Pacific Nickel?—K. P., Vancouver.

Considering sale of assets or voluntary liquidation.

What are the assets of Conwest Exploration?—D. P., Montreal.

Working capital and market value of listed securities holdings total \$13.5 million.

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Shed an Early Tear for the Late UN

by Harry Rasky

SAD WERE THE FACES of the delegates to the 15th General Assembly—the biscuit-shaped building that is the United Nations on the banks of New York's East River. The world turns and belches forth a new crisis, but the glass-cased corridors are empty and the delegates have headed home wondering if number 16 coming up next fall will produce equal despair and disillusionment. And they all know there is a delegate among them from the past, uninvited, but always present: the gray ghost of the dead League of Nations.

Recently, astute reporter A. M. Rosenthal wrote in the *New York Times*, "In those days — 1956 — there was an exhilaration about working at the United Nations. It was new and you talked about it all the time—at work, at home, at parties; what's more, people wanted to hear about it."

"There was, of course, the weary Swiss veteran of League of Nations days who said that the world might be able to survive a third World War, but never a third League. But everybody was amused at that because confidence was large enough, or at least fear was fresh enough, so that everybody understood that this time it had to work." But did it, can it, will it?

The trumpets of triumph had sounded and hope was everywhere when the world body first sat down to talk at Hunter College in the Bronx in 1946. And it didn't matter that the Security Council was meeting in a deserted girls' gymnasium. When the delegates rose to speak they had something to say and the world watched. The raw smell of the blood of millions was too fresh to be ignored.

But the years of debate and defeat have deadened the senses and too often now the delegate knows when he rises to speak that perhaps the only ones listening are the other delegates, and he can't be sure of that. Delegates seem to have developed a talent for sleeping with their eyes open.

And you feel sometimes, as you look out at the General Assembly, you feel like shouting, "Hello down there. Hello. Don't desert us. You're all we've got between here and hell."

I remember the mood of that early winter of discontent of 1956 when the UN began to reach its present petrified state. The world was faced with a dual crisis — (We had them even then,

JFK) — Hungary and the Sinai war. One led to what is perhaps the UN's greatest triumph and the other to its greatest tragedy.

The UN lights glowed like a beacon on the banks of the river as delegates met round the clock. Bartenders in the lofty Delegate's Lounge complained they hadn't been home for days. Elevator operators slept standing at their post. And the dapper delegates were rumpled in their Brooks Brothers suits. They really looked as if they were working then.

First came the disaster. A Polish assistant rushed into my office with tears in his eyes at midnight, and said, "Russian tanks have moved back into Budapest. Freedom will die and there is no one to save it, not with all the speeches." And it was bluntly apparent to anyone who needed any convincing from that day on that the Russian attitude towards the UN was to use it when it liked and ignore it when it chose. True, we and the world censured the Soviet Union — (But where was India?) — and the Russians merely ignored the abuse, and blandly swept the last attempt at democracy for Eastern Europe under the rug.

It was in those November 1956 days that our own Lester Pearson provided the idea that could have saved the UN, if it had been followed through by other statesmen. I remember so clearly. It was about three o'clock on a Sunday morning. While New York slept, the streets deserted, Pearson rose to recommend the founding of the United Nations Emergency Force, a dynamic but simple concept — a salvation army for the world to police the peace.

Sceptics were betting it would never happen. But they were wrong. And those soldiers still keep watch along the Gaza strip, now almost forgotten. But we must never forget.

The sequel to the Gaza force has been less successful. The UN army now attempting to keep the pot from boiling over in the Congo, has barely managed to stay alive itself and the Soviets are playing a waiting game. Nikita Khrushchov believes that the Communists will conquer the world by waiting. If trouble spots keep erupting, time is on his side. And so the Soviet Union

contributes not a cent to either UN force, and the UN is nearly bankrupt.

But the Soviet Union does not want to wreck the United Nations. It merely wants to make it more ineffective even than it now is. Keep it there as a showcase for its debating talent (which is ample) but don't allow it any effective action.

This seemed to be the purpose of Khrushchov's famous appearance last fall. What a show that was! There was Tito, Nasser and even Castro, a grand parade of international celebrities to launch the world premiere of the 15th session of the UN. It began with a bang — Khrushchov pounding the table with a shoe — but it has ended with a whimper.

And the Cuban fiasco, a nightmare of the dying days of the 15th General Assembly, will return to haunt the coming 16th. Day after day in the wet, spring days we had to listen to Adlai Stevenson, once such a proud man, deny what the American press was already saying was the truth — that the President had allowed himself to be duped into indulging in the luxury of an ill-planned, ill-conceived invasion of Cuba. The new Africans, innocents abroad, were hopelessly confused. The Latin delegates, holding on for their oligarchial lives, were terrified. Kind old Uncle Sam had been caught with his striped pants down, and it was up to Stevenson to keep a straight and indignant face while reciting quarter and half-truths.

The Soviets were overjoyed.

It is no wonder that delegates and correspondents headed for home with a sense of grand disenchantment. An Indian friend said to me as he left, "My friend, I can take no more. We now have a Security Council choked by the Veto, a Secretary General who is losing his power, a General Assembly too large to take decisive action. Perhaps in my native villages I will find peace, but not in a world that has forgotten its importance. I will not be back."

Those who await the 16th meeting of the Parliament of Man with dread for its future, feel more strongly the presence of that gray ghost in the Saville Row suit, the delegate from the dead League of Nations. His banner is a simple one — a mushroom-shaped cloud.

ANSWER TO PUZZLER

Peter's number was 4/4.



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